SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED JANUARY 30, 1999	COMMISSION FILE NUMBER 1-13536

FEDERATED DEPARTMENT STORES, INC.
151 WEST 34TH STREET
NEW YORK, NEW YORK 10001
(212) 494-1602
AND
7 WEST SEVENTH STREET
CINCINNATI, OHIO 45202
(513) 579-7000

INCORPORATED IN DELAWARE	I.R.S. NO. 13-3324058

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, par value $.01 per share	New York Stock Exchange
Rights to Purchase Series A Junior Participating Preferred Stock	New York Stock Exchange
Series C Warrants	New York Stock Exchange
Series D Warrants	New York Stock Exchange
10% Senior Notes due 2001	New York Stock Exchange
8.125% Senior Notes due 2002	New York Stock Exchange
8.5% Senior Notes due 2003	New York Stock Exchange
7.45% Senior Debentures due 2017	New York Stock Exchange
6.79% Senior Debentures due 2027	New York Stock Exchange
7% Senior Debentures due 2028	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

None

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

There were 208,576,562 shares of the Company's Common Stock outstanding as of April 2, 1999, excluding shares held in the treasury of the Company or by subsidiaries of the Company. The aggregate market value of the shares of such Common Stock, excluding shares held in the treasury of the Company or by subsidiaries of the Company, based upon the last sale price as reported on the New York Stock Exchange Composite Tape on April 1, 1999, was approximately $8,225,700,000.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement (the "Proxy Statement") relating to the Company's Annual Meeting of Stockholders to be held on May 21, 1999 (the "Annual Meeting"), are incorporated by reference in Part III hereof.

Unless the context requires otherwise, (i) references to "the Company" are, for all periods prior to December 19, 1994 (the "Merger Date"), references to Federated Department Stores, Inc. ("Federated") and its subsidiaries and their respective predecessors, and for all periods following the merger (the "Merger") of Federated and R.H. Macy & Co. Inc. ("Macy's") on the Merger Date, references to the surviving corporation in the Merger and its subsidiaries and (ii) references to "1998," "1997," "1996," "1995" and "1994" are references to the Company's fiscal years ended January 30, 1999, January 31, 1998, February 1, 1997, February 3, 1996 and January 28, 1995, respectively.

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

ITEM 1. BUSINESS.

General. The Company 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. The Company operates its department stores under the names "Bloomingdale's," "The Bon Marche," "Burdines," "Goldsmith's," "Lazarus," "Macy's," "Rich's" and "Stern's." The Company'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, and are diversified by size of store, merchandising character and character of community served. The Company's department stores are located at urban or suburban sites, principally in densely populated areas across the United States. The Company also operates direct mail catalog businesses under the names "Bloomingdale's By Mail" and "Macy's By Mail" and an electronic commerce business which provides goods and services online under the name "macys.com." In general, the Company conducts its business through subsidiaries.

The Company provides various support functions to its retail operating divisions on an integrated, company-wide basis.

- The Company's financial and credit services subsidiary, FACS Group, Inc. ("FACS"), supports the proprietary credit programs of the Company's retail operating divisions in respect of all proprietary credit card accounts owned by the Company except support relating to statement mailing and payment

processing, which is provided by GE Capital Consumer Card Co. ("GE Bank"). GE Bank owns all of the "Macy's" credit card accounts originated prior to the Merger and an allocated portion of the "Macy's" credit card accounts originated subsequent to the Merger. In addition, FACS provides payroll and benefits services to the Company's retail operating and service divisions.

- The Company's data processing subsidiary, Federated Systems Group, Inc. ("FSG"), provides (directly and pursuant to outsourcing arrangements with third parties) operational electronic data processing and management information services to each of the Company's retail operating and service divisions.

- Federated Merchandising Group, a division of the Company, helps the Company to centrally develop and execute consistent merchandise strategies while retaining the ability to tailor merchandise assortments and strategies to the particular character and customer base of the Company's various department store franchises. Federated Merchandising Group is also responsible for the private label development of the Company's retail operating divisions except for Bloomingdale's and Stern's, which source some of their private label merchandise through Associated Merchandising Corporation. Bloomingdale's also has its own private label program.

- Federated Logistics, a division of a subsidiary of the Company, provides warehousing and merchandise distribution services for the Company's retail operating divisions.

- A specialized staff maintained in the Company's corporate offices provides services for all divisions of the Company in such areas as store design and construction, accounting, legal, real estate, insurance and supply purchasing, as well as various other corporate office functions.

FACS, FSG and certain departments in the Company's corporate offices also offer their services to unrelated third parties.

The Company and its predecessors have been operating department stores since 1820. Federated was organized as a Delaware corporation in 1920. On May 26, 1994, Federated acquired Joseph Horne Co., Inc. pursuant to a subsidiary merger. On December 19, 1994, Federated acquired Macy's pursuant to the Merger. On October 11, 1995, the Company acquired Broadway Stores, Inc. ("Broadway") pursuant to a subsidiary merger.

On March 18, 1999, the Company acquired Fingerhut Companies, Inc. ("Fingerhut"). 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 also owns: (i) Figi's, a food and gift catalog business; (ii) Arizona Mail Order and Bedford Fair, both apparel catalog businesses; and (iii) 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.

The Company's executive offices are located at 151 West 34th Street, New York, New York 10001, telephone number: (212) 494-1602 and at 7 West Seventh Street, Cincinnati, Ohio 45202, telephone number: (513) 579-7000.

Employees. As of January 30, 1999, the Company had approximately 118,800 regular full-time and part-time employees. Because of the seasonal nature of the retail business, the number of employees peaks in

the Christmas season. Approximately 10% of the Company's employees as of January 30, 1999 were represented by unions. Management considers its relations with employees to be satisfactory.

Seasonality. The department store business is seasonal in nature with a high proportion of sales and operating income generated in the months of November and December. Working capital requirements fluctuate during the year, increasing somewhat in mid-summer in anticipation of the fall merchandising season and increasing substantially prior to the Christmas season when the Company must carry significantly higher inventory levels.

Purchasing. The Company purchases merchandise from many suppliers, no one of which accounted for more than 5% of the Company's net purchases during 1998. The Company has no long-term purchase commitments or arrangements with any of its suppliers, and believes that it is not dependent on any one supplier. The Company considers its relations with its suppliers to be satisfactory.

Competition. The retailing industry, in general, and the department store business, in particular, are intensely competitive. Generally, the Company's stores are in competition not only with other department stores in the geographic areas in which they operate but also with numerous other types of retail outlets, including specialty stores, general merchandise stores, off-price and discount stores, new and established forms of home shopping (including mail order catalogs, television and Internet services) and manufacturers' outlets.

ITEM 1A. EXECUTIVE OFFICERS OF THE REGISTRANT.

The following table sets forth certain information regarding the executive officers of the Company:

<TABLE>
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NAME	AGE	POSITION WITH THE COMPANY
James M. Zimmerman	55	Chairman of the Board and Chief Executive Officer; Director
Terry J. Lundgren	46	President and Chief Merchandising Officer; Director
Ronald W. Tysoe	46	Vice Chairman, Finance and Real Estate; Director
Thomas G. Cody	57	Executive Vice President, Legal and Human Resources
Dennis J. Broderick	50	Senior Vice President, General Counsel and Secretary
Karen M. Hoguet	42	Senior Vice President, Chief Financial Officer and Treasurer
Joel A. Belsky	45	Vice President and Controller

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James M. Zimmerman has been Chairman of the Board and Chief Executive Officer of the Company since May 1997; prior thereto he served as the President and Chief Operating Officer of the Company since May 1988.

Terry J. Lundgren has been President and Chief Merchandising Officer of the Company since May 1997 and served as the Chairman of the Company's Federated Merchandising Group division from February 1994 until February 19, 1998.

Ronald W. Tysoe has been Vice Chairman, Finance and Real Estate of the Company since April 1990 and served as Chief Financial Officer of the Company from April 1990 until October 31, 1997.

Thomas G. Cody has been Executive Vice President, Legal and Human Resources of the Company since May 1988.

Dennis J. Broderick has been Secretary of the Company since July 1993 and Senior Vice President and General Counsel of the Company since January 1990.

Karen M. Hoguet has been Senior Vice President of the Company since April 1991, Treasurer of the Company since January 1992, and Chief Financial Officer of the Company since October 31, 1997.

Joel A. Belsky has been Vice President and Controller of the Company since October 1996. Prior thereto, he served as Divisional Vice President and Deputy Controller of the Company since March 1993.

ITEM 2. PROPERTIES.

The properties of the Company consist primarily of stores and related retail facilities, including warehouses and distribution centers. The Company also owns or leases other properties, including corporate office space in New York and Cincinnati and other facilities at which centralized operational support functions are conducted. As of January 30, 1999, the Company operated 401 department stores in 33 states, comprising a total of 82,319,000 square feet. Of such department stores, 193 were entirely or mostly owned and 208 stores were entirely or mostly leased. The Company's interests in approximately 2% of its owned stores are subject to security interests in favor of certain third-party creditors Pursuant to various shopping center agreements, the Company is obligated to operate certain stores within the centers for periods of up to 20 years. Some of these agreements require that the stores be operated under a particular name.

ITEM 3. LEGAL PROCEEDINGS.

The Company and its subsidiaries are involved in various proceedings that are incidental to the normal course of their businesses. The Company does not expect that any of such proceedings will have a material adverse effect on the Company's financial position or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY-HOLDERS.

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Common Stock is listed on the New York Stock Exchange (the "NYSE") under the trading symbol "FD." The following table sets forth for each fiscal quarter during 1998 and 1997 the high and low sales prices per share of Common Stock as reported on the NYSE Composite Tape:

	1998		1997	
	LOW	HIGH	LOW	HIGH
1st Quarter	42.750	53.000	31.625	38.250
2nd Quarter	49.813	56.188	34.625	44.125
3rd Quarter	32.813	53.313	39.313	45.438
4th Quarter	35.938	46.375	39.688	48.875

The Company has not paid any dividends on its Common Stock during its two most recent fiscal years, and does not anticipate paying any dividends on the Common Stock in the foreseeable future.

ITEM 6. SELECTED FINANCIAL DATA.

The selected financial data set forth below should be read in conjunction with the Consolidated Financial Statements and the notes thereto and the other information contained elsewhere in this report.

	52 WEEKS ENDED JANUARY 30, 1999	52 WEEKS ENDED JANUARY 31, 1998	52 WEEKS ENDED FEBRUARY 1, 1997	53 WEEKS ENDED FEBRUARY 3, 1996	52 WEEKS ENDED JANUARY 28, 1995
	(MILLIONS, EXCEPT PER SHARE DATA)				
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

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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

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(a) The extraordinary items for 1998 and 1997 were after-tax expenses associated with debt prepayments.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

RESULTS OF OPERATIONS

Comparison of the 52 Weeks Ended January 30, 1999 and January 31, 1998. Net sales for 1998 were $15,833 million compared to $15,668 million for 1997, an increase of 1.1%. Excluding sales of the specialty stores division that was sold in July 1998, sales increased 1.8% over last year. On a comparable store basis, net sales for 1998 increased 2.2% compared to 1997.

Cost of sales was 60.7% of net sales for 1998, compared to 61.1% for 1997. The 0.4% improvement in the cost of sales rate reflects positive customer response to the merchandise assortments in the stores during the second and fourth quarters, attributed partially to an improved merchandise receipt flow. The valuation of merchandise inventory on the last-in, first-out basis did not impact cost of sales in either year.

Selling, general and administrative expenses were 30.1% of net sales for 1998, compared to 30.3% for 1997. Selling, general and administrative expenses include finance charge income and expenses for doubtful customer accounts receivable. Finance charge income was $345 million for 1998, down from $391 million in 1997, primarily due to lower average accounts receivable balances as a result of accelerated payments. Amounts charged to expense for doubtful accounts receivable were $112 million for 1998, compared to $167 million in 1997. The decrease primarily reflects a reduction in the amount of uncollectible balances written off in 1998, also a result of lower average accounts receivable balances and accelerated payments.

Net interest expense was $292 million for 1998, compared to $383 million for 1997. The lower interest expense for 1998 is principally due to lower levels of borrowings and lower interest rates resulting from refinancings completed in 1998 and 1997.

The Company's effective tax rate of 41.1% for 1998 differs from the federal income tax statutory rate of 35.0% principally because of the effect of state and local income taxes and permanent differences arising from the amortization of intangible assets and from other non-deductible items.

The extraordinary items of $23 million and $39 million for 1998 and 1997, respectively, represent after-tax expenses associated with debt prepayments.

Comparison of the 52 Weeks Ended January 31, 1998 and February 1, 1997. Net sales for 1997 were $15,668 million compared to $15,229 million for 1996, an increase of 2.9%. On a comparable store basis, net sales for 1997 increased 2.7% compared to 1996.

Cost of sales was 61.1% of net sales for 1997, compared to 61.4% for 1996. Cost of sales for 1996 included $65 million of infrequent inventory valuation adjustments related to merchandise in lines of business that were eliminated or replaced in connection with the consolidation of Broadway's merchandise inventories with the Company's merchandise inventories. Excluding these inventory valuation adjustments from 1996, cost of sales would have been 61.0% of net sales, with the 0.1% increase in 1997 being primarily due to higher merchandise markdowns associated with the elimination of certain consumer electronics lines of business. The valuation of merchandise inventory on the last-in, first-out basis did not impact cost of sales in either year.

Selling, general and administrative expenses were 30.3% of net sales for 1997, compared to 32.7% for 1996. Selling, general and administrative expenses for 1996 included $243 million of infrequent costs related to the integration and consolidation of acquired and pre-existing businesses. Excluding these infrequent costs, selling, general and administrative expenses would have been 31.1% of net sales for 1996. The major factor contributing to the 0.8% improvement in expense rate (excluding these infrequent costs for 1996) was lower

distribution-related expenses resulting from restructuring and technological improvements in the merchandise distribution process.

Selling, general and administrative expenses in 1997 reflect reduced finance charge income and lower expenses for doubtful customer accounts receivable. Finance charge income was $391 million for 1997, a decrease of $39 million compared to $430 million in 1996, primarily due to lower average accounts receivable balances. Amounts charged to expense for doubtful accounts receivable were $167 million for 1997, compared to $172 million for 1996. The decrease primarily reflects the lower levels of proprietary credit sales in 1997 compared to 1996.

Net interest expense was $383 million for 1997, compared to $452 million for 1996. The lower interest expense for 1997 is due to lower levels of borrowings and lower interest rates resulting from refinancings completed in 1997.

The Company's effective income tax rate of 40.0% for 1997 differs from the federal income tax statutory rate of 35.0% principally because of the effect of state and local income taxes and permanent differences arising from the amortization of intangible assets.

The extraordinary item of $39 million for 1997 represents the after-tax expenses associated with debt prepayments.

LIQUIDITY AND CAPITAL RESOURCES

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

Net cash provided by operating activities in 1998 was $1,690 million, an increase of $117 million from the net cash provided by operating activities in 1997 of $1,573 million. The major factor contributing to this improvement was stronger operating results.

Net cash used in investing activities was $445 million in 1998, with the final $200 million installment of a note receivable held by the Company being received on May 4, 1998, purchases of property and equipment totaling $695 million and dispositions of property and equipment totaling $50 million. During 1998, the Company opened five new department stores and closed four. On August 1, 1998, the Company completed the sale of its specialty stores division to a group including the division's management. The sale did not have a material impact on the Company's financial position or results of operations.

Net cash used by the Company for all financing activities was $1,080 million in 1998 compared to $1,262 million in 1997. In 1998, the Company issued $300 million of 7.0% Senior Debentures due 2028 and $350 million of 6 1/8% Term Enhanced ReMarketable Securities due 2011, puttable to the Company in 2001. Also during the year, the Company renewed a portion of the bank credit agreement which provides a $500 million unsecured revolving credit facility with a termination date of July 26, 1999. As of January 30, 1999, the Company had $27 million of standby letters of credit and $42 million of trade letters of credit outstanding under this agreement. During 1998, the Company repaid borrowings totaling $1,229 million. The major components of debt repaid included $340 million of its 10% Senior Notes due 2001, the remaining $176 million of borrowings under a note monetization facility, $294 million of short-term debt refinanced at the end of 1997 and $375 million of receivables backed financings.

During 1998, the Board of Directors approved a stock repurchase program that authorizes the Company to purchase up to $1 billion of its common stock through January 29, 2000. Through January 30, 1999,

12.8 million shares of common stock at an approximate cost of $591 million had been acquired under the repurchase program.

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

On March 18, 1999, the Company acquired Fingerhut Companies, Inc. ("Fingerhut") for a purchase price of $1,700 million, including $297 million of Fingerhut indebtedness. The Company funded the Fingerhut acquisition through a combination of cash on hand and short-term borrowings. On March 24, 1999, the Company issued $350 million of 6.3% Senior Notes due 2009 and $400 million of 6.9% Senior Debentures due 2029 and used the proceeds thereof to repay a portion of such short-term borrowings. The Fingerhut acquisition will be accounted for as a purchase.

The Company intends to open three new department stores in 1999 and its budgeted capital expenditures are approximately $2,800 million for the 1999 to 2001 period. Management presently anticipates funding such expenditures from operations.

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

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

YEAR 2000

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

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

THE COMPANY'S YEAR 2000 COMPLIANCE PROGRAM

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

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

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

Non-IT Vendors and Suppliers. The Company procures its merchandise for resale and supplies for operational purposes from a vast network of vendors located both within and outside the United States, and is not dependent on any one vendor for more than 5% of its merchandise purchases. The Company procures its private label merchandise, which constitutes approximately 15% of the Company's total sales, principally from manufacturers located outside the United States. All of the Company's vendors have been notified in writing of the Company's expectation that the systems and operations of such vendors will be Year 2000 compliant before January 31, 1999. As a part of its contingency planning effort, the Company has commenced making inquiries as to the Year 2000 readiness of selected key vendors and private label manufacturers in order to identify any significant exposures that may exist and establish alternate sources or strategies where necessary. As of January 30, 1999, approximately 90% of the selected key vendors contacted had provided to the Company written or oral assurances that they are in the process of implementing compliance programs that are intended to address the Year 2000 issues affecting their respective operations.

Contingency Planning. The Company's Year 2000 compliance program is directed primarily towards ensuring that the Company will be able to continue to perform three critical functions: (i) effect sales, (ii) order and receive merchandise, and (iii) pay its employees. The Company is currently gathering data in an effort to assess the potential effects on these mission critical functions of a failure of the Company's Year

2000 compliance program to be fully effective and, to the extent deemed appropriate, to develop a contingency plan to address such effects. The Company expects to complete its contingency plan by July 31, 1999.

Costs. The Company has incurred to date approximately $26 million of costs to implement its Year 2000 compliance program and presently expects to incur approximately $46 million of costs in the aggregate, of which approximately 25% represents capitalized expenditures for hardware purchases. All of the Company's Year 2000 compliance costs have been or are expected to be funded from operating cash flows. The Company's Year 2000 compliance budget does not include material amounts for hardware replacement because the Company has historically employed a strategy to continually upgrade its main-frame and mid-range computer systems and to install state of the art point-of-sale systems with respect to both pre-existing operations and in conjunction with the acquisitions and mergers effected by the Company in recent years. Consequently, the Company's Year 2000 budget has not required the diversion of funds from or the postponement of the implementation of other planned IT projects.

Risks. The novelty and complexity of the issues presented and the proposed solutions therefor and the Company's dependence on the technical skills of employees and independent contractors and on the representations and preparedness of third parties are among the factors that could cause the Company's Year 2000 compliance efforts to be less than fully effective. Moreover, Year 2000 issues present a number of risks that are beyond the Company's reasonable control, such as the failure of utility companies to deliver electricity, the failure of telecommunications companies to provide voice and data services, the failure of financial institutions to process transactions and transfer funds, the failure of vendors to deliver merchandise or perform services required by the Company and the collateral effects on the Company of the effects of Year 2000 issues on the economy in general or on the Company's business partners and customers in particular. Although the Company believes that its Year 2000 compliance program is designed to appropriately identify and address those Year 2000 issues that are subject to the Company's reasonable control, there can be no assurance that the Company's efforts in this regard will be fully effective or that Year 2000 issues will not have a material adverse effect on the Company's business, financial condition or results of operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The Company is exposed to market risk from changes in interest rates which may adversely affect its financial position, results of operations and cash flows. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposures through its regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. The Company does not use financial instruments for trading or other speculative purposes and is not party to any leveraged financial instruments.

The Company is exposed to interest rate risk primarily through its borrowing activities, which are described in Note 7 to the Consolidated Financial Statements. The majority of the Company's borrowings are under fixed rate instruments. However, the Company uses interest rate swaps and interest rate caps to help manage its exposure to interest rate movements and reduce borrowing costs. See Notes 7 and 14 to the Consolidated Financial Statements, which are incorporated herein by reference.

Based on the Company's market risk sensitive instruments (including variable rate debt and derivative financial instruments) outstanding at January 30, 1999, the Company has determined that there was no material market risk exposure to the Company's consolidated financial position, results of operations or cash flows as of such date.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Information called for by this item is set forth in the Company's Consolidated Financial Statements and supplementary data contained in this report and is incorporated herein by this reference. Specific financial statements and supplementary data can be found at the pages listed in the following index.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Information called for by this item is set forth under Item 1 "Election of Directors" and "Compliance with Section 16(a) of the Securities and Exchange Act of 1934" in the Proxy Statement, and in Item 1A "Executive Officers of the Registrant," and incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION.

Information called for by this item is set forth under "Executive Compensation" and "Compensation Committee Report on Executive Compensation" in the Proxy Statement and incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP AND CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

Information called for by this item is set forth under "Stock Ownership" in the Proxy Statement and incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

None.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(a) The following documents are filed as part of this report:

1. FINANCIAL STATEMENTS:

The list of financial statements required by this item is set forth in "Item 8 Consolidated Financial Statements and Supplementary Data" and is incorporated herein by reference.

2. FINANCIAL STATEMENT SCHEDULES:

All schedules are omitted because they are inapplicable, not required, or the information is included elsewhere in the Consolidated Financial Statements or the notes thereto.

3. EXHIBITS:

The following exhibits are filed herewith or incorporated by reference as indicated below.

<TABLE>
<CAPTION>

EXHIBIT NUMBER	DESCRIPTION	DOCUMENT IF INCORPORATED BY REFERENCE
- --------------	-----------	------------------------------------
<C>	<S>	<C>
3.1	Certificate of Incorporation	Exhibit 3.1 to the Company's Annual Report on Form 10-K for the fiscal year ended January 28, 1995 (the "1994 Form 10-K")
3.1.1	Certificate of Designations of Series A Junior Participating Preferred Stock	Exhibit 3.1.1 to the 1994 Form 10-K
3.2	By-Laws	Exhibit 3.2 to the 1994 Form 10-K
4.1	Certificate of Incorporation	See Exhibit 3.1
4.2	By-Laws	See Exhibit 3.2
4.3	Rights Agreement, dated as of December 15, 1994, between the Company and the Bank of New York, as rights agent	Exhibit 4.3 to the 1994 Form 10-K
4.4	Indenture, dated as of December 15, 1994, between the Company and State Street Bank and Trust Company (successor to The First National Bank of Boston), as Trustee	Exhibit 4.1 to the Company's Registration Statement on Form S-3 (Registration No. 33-88328) filed on January 9, 1995 (the "S-3 Registration Statement")
4.4.1	Third Supplemental Indenture, dated as of January 23, 1995, between the Company and State Street Bank and Trust Company (successor to The First National Bank of Boston), as Trustee	Exhibit 4.4.1 to the 1994 Form 10-K

</TABLE>

<TABLE>
<CAPTION>

EXHIBIT NUMBER	DESCRIPTION	DOCUMENT IF INCORPORATED BY REFERENCE
- --------------	-----------	------------------------------------
<C>	<S>	<C>
4.4.2	Fifth Supplemental Indenture, dated as of October 6, 1995, between the Company and State Street Bank and Trust Company (successor to The First National Bank of Boston), as Trustee	Exhibit 2 to the Company's Registration Statement on Form 8-A, dated October 4, 1995
4.4.3	Seventh Supplemental Indenture, dated as of May 22, 1996, between the Company and State Street Bank and Trust Company (successor to The First National Bank of Boston), as Trustee	Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the period ended May 4, 1996 (the "May 1996 Form 10-Q")
4.4.4	Eighth Supplemental Indenture, dated as of July 14, 1997, between the Company and State Street Bank and Trust Company (successor to The First National Bank of Boston), as Trustee	Exhibit 2 to the Company's Current Report on Form 8-K dated as of July 15, 1997 (the "July 1997 Form 8-K")
4.4.5	Ninth Supplemental Indenture, dated as of July 14, 1997, between the Company and State Street Bank and Trust Company (successor to The First National Bank of Boston), as Trustee	Exhibit 3 to the July 1997 Form 8-K
4.5	Indenture, dated as of September 10, 1997, between the Company and Citibank, N.A., as Trustee	Exhibit 4.4 to the Company's Amendment Number 1 to Form S-3 dated as of September 11, 1997
4.5.1	First Supplemental Indenture, dated as of February 6, 1998, between the Company and Citibank, N.A., as Trustee	Exhibit 2 to the Company's Current Report on Form 8-K dated as of February 6, 1998
4.5.2	Second Supplemental Indenture, dated as of August 26, 1998, between the Company and Citibank, N.A., as Trustee	Exhibit 2 to the Company's Current Report on Form 8-K dated as of August 25, 1998
4.6	Amended and Restated Series B Warrant Agreement	Exhibit 4.6 to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1998 (the "1997 Form 10-K")
4.7	Series C Warrant Agreement	Exhibit 4.6 to the 1994 Form 10-K
4.8	Series D Warrant Agreement	Exhibit 4.7 to the 1994 Form 10-K
4.9	Series E Warrant Agreement	Exhibit 4.9 to the 1995 Form 10-K
4.10	Warrant Agreement	Exhibit 4.1 to Broadway's Annual Report on Form 10-K (File No. 1-8765) for the fiscal year ended January 30, 1993 (the "Broadway 1992 Form 10-K")
4.10.1	Letter Agreement, dated October 11, 1995, between Broadway and The Bank of New York	Exhibit 4.5.1 to the October 1995 Form 10-Q

</TABLE>

13

<TABLE>
<CAPTION>

EXHIBIT NUMBER	DESCRIPTION	DOCUMENT IF INCORPORATED BY REFERENCE
- --------------	-----------	------------------------------------
<C>	<S>	<C>
10.1	364-Day Credit Agreement, dated as of July 28, 1997, by and among the Company, the Initial Lenders named therein, Citibank, N.A., as Administrative Agent and Paying Agent, The Chase Manhattan Bank, as Administrative Agent, BankBoston, N.A., as Syndication Agent, and the Bank of America, National Trust & Savings Association, as Documentation Agent	Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended August 2, 1997 (the "August 1997 Form 10-Q")
10.1.1	Amended and Restated Credit Agreement, dated as of June 29, 1998, by and among the Company, the Initial Lenders named therein, Citibank, N.A., as Administrative Agent and Paying Agent, The Chase Manhattan Bank, as Administrative Agent, BankBoston, N.A., as Syndication Agent, and the Bank of America, National Trust & Savings Association, as Documentation Agent	Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended August 1, 1998 (the "August 1998 Form 10-Q")
10.2	Five-Year Credit Agreement, dated as of July 28, 1997, by and among the Company, the Initial Lenders named therein, Citibank, N.A., as Administrative Agent and Paying Agent, The Chase Manhattan Bank, as Administrative Agent, BankBoston, N.A., as Syndication Agent, and the Bank of America, National Trust & Savings Association, as Documentation Agent	Exhibit 10.2 to the August 1997 Form 10-Q
10.2.1	Letter Amendment to the Five-Year Credit Agreement, dated as of June 29, 1998, by and among the Company, the Initial Lenders named therein, Citibank, N.A., as Administrative Agent and Paying Agent, The Chase Manhattan Bank, as Administrative Agent, BankBoston, N.A., as Syndication Agent, and the Bank of America, National Trust & Savings Association, as Documentation Agent	Exhibit 10.2 to the August 1998 Form 10-Q
10.3	Loan Agreement, dated as of May 26, 1994 (the "Lazarus PA Mortgage Term Loan"), among Lazarus PA, Inc. (formerly Joseph Horne Co., Inc.), the banks listed thereon, and PNC Bank, Ohio, National Association, as Agent ("PNC")	Exhibit 10.47 to the 1994 S-4 Registration Statement

</TABLE>

14

<TABLE>
<CAPTION>

EXHIBIT NUMBER	DESCRIPTION	DOCUMENT IF INCORPORATED BY REFERENCE
- --------------	-----------	------------------------------------
<C>	<S>	<C>
10.3.1	First Amendment to the Lazarus PA Mortgage Term Loan dated as of December 6, 1995	Exhibit 10.6 to the October 1995 Form 10-Q
10.3.2	Second Amendment to the Lazarus PA Mortgage Term Loan dated as of July 28, 1997	Exhibit 10.3.2 to the 1997 Form 10-K
10.4	Guaranty Agreement, dated as of May 26, 1994, made by the Company in favor of the banks listed on the Lazarus PA Mortgage Term Loan and PNC	Exhibit 10.48 to the 1994 S-4 Registration Statement
10.4.1	Amendment #1 to Guaranty Agreement, dated as of February 28, 1995, made by the Company in favor of the banks listed on the Lazarus PA Mortgage Term Loan and PNC	Exhibit 10.7.1 to the 1994 Form 10-K
10.5	Amended and Restated Pooling and Servicing	Exhibit 4.10 to Prime's Current Report on

	Agreement, dated as of December 15, 1992 (the "Pooling and Servicing Agreement"), among the Company, Prime Receivables Corporation ("Prime") and The Chase Manhattan Bank, successor to Chemical Bank, as Trustee	Form 8-K (File No. 0-2118), dated March 29, 1993
10.5.1	First Amendment, dated as of December 1, 1993, to the Pooling and Servicing Agreement	Exhibit 10.10.1 to the Company's Annual Report on Form 10-K (File No. 1-10951) for the fiscal year ended January 29, 1994 (the "1993 Form 10-K")
10.5.2	Second Amendment, dated as of February 28, 1994, to the Pooling and Servicing Agreement	Exhibit 10.10.2 to the 1993 Form 10-K
10.5.3	Third Amendment, dated as of May 31, 1994, to the Pooling and Servicing Agreement	Exhibit 10.8.3 to the 1994 Form 10-K
10.5.4	Fourth Amendment, dated as of January 18, 1995, to the Pooling and Servicing Agreement	Exhibit 10.6.4 to the 1995 Form 10-K
10.5.5	Fifth Amendment, dated as of April 30, 1995, to the Pooling and Servicing Agreement	Exhibit 10.6.5 to the 1995 Form 10-K
10.5.6	Sixth Amendment, dated as of July 27, 1995, to the Pooling and Servicing Agreement	Exhibit 10.6.6 to the 1995 Form 10-K
10.5.7	Seventh Amendment, dated as of May 14, 1996, to the Pooling and Servicing Agreement	Exhibit 10.6.7 to the 1996 Form 10-K

</TABLE>

<TABLE>
<CAPTION>

EXHIBIT NUMBER	DESCRIPTION	DOCUMENT IF INCORPORATED BY REFERENCE
10.5.8	Eighth Amendment, dated as of March 3, 1997, to the Pooling and Servicing Agreement	Exhibit 10.6.8 to the 1996 Form 10-K
10.5.9	Ninth Amendment, dated as of August 28, 1997, to the Pooling and Servicing Agreement	Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended November 1, 1997 (the "November 1997 Form 10-Q")
10.5.10	Tenth Amendment, dated as of August 3, 1998, to the Pooling and Servicing Agreement	Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended October 31, 1998 (the "October 1998 Form 10-Q")
10.6	Assumption Agreement under the Pooling and Servicing Agreement, dated as of September 15, 1993	Exhibit 10.10.3 to the 1993 Form 10-K
10.7	Series 1992-2 Supplement, dated as of December 15, 1992, to the Pooling and Servicing Agreement	Exhibit 4.7 to Prime's Form 8-A
10.7.1	First Amendment to Series 1992-2 Supplement, dated as of August 28, 1997, to the Pooling and Servicing Agreement	Exhibit 10.3 to the November 1997 Form 10-Q
10.8	Series 1992-3 Supplement, dated as of January 5, 1993, to the Pooling and Servicing Agreement	Exhibit 4.8 to Prime's Current Report on Form 8-K (File No. 0-2118), dated January 29, 1993
10.9	Series 1995-1 Supplement, dated as of July 27, 1995, to the Pooling and Servicing Agreement	Exhibit 4.7 to Prime's Registration Statement on Form S-1, filed July 14, 1995, as amended
10.9.1	First Amendment to Series 1995-1 Supplement, dated as of August 28, 1997, to the Pooling and Servicing Agreement	Exhibit 10.4 to the November 1997 Form 10-Q
10.10	Series 1996-1 Supplement, dated as of May 14, 1996, to the Pooling and Servicing Agreement	Exhibit 4 to the May 1996 Prime 8-K
10.10.1	First Amendment to Series 1996-1 Supplement, dated as of August 28, 1997, to the Pooling and Servicing Agreement	Exhibit 10.5 to the November 1997 Form 10-Q
10.11	Receivables Purchase Agreement, dated as of December 15, 1992 (the "Receivables Purchase Agreement"), among Abraham & Straus, Inc., Bloomingdale's, Inc., Burdines, Inc., Jordan Marsh Stores Corporation, Lazarus, Inc., Rich's Department Stores, Inc., Stern's Department Stores, Inc., The Bon, Inc. and Prime	Exhibit 10.2 to Prime's Form 8-A

</TABLE>

<TABLE>
<CAPTION>

<C> <S> <C>

EXHIBIT NUMBER	DESCRIPTION	DOCUMENT IF INCORPORATED BY REFERENCE
10.11.1	First Amendment, dated as of June 23, 1993, to the Receivables Purchase Agreement	Exhibit 10.14.1 to 1993 Form 10-K
10.11.2	Second Amendment, dated as of December 1, 1993, to the Receivables Purchase Agreement	Exhibit 10.14.2 to 1993 Form 10-K
10.11.3	Third Amendment, dated as of February 28, 1994, to the Receivables Purchase Agreement	Exhibit 10.14.3 to 1993 Form 10-K
10.11.4	Fourth Amendment, dated as of May 31, 1994, to the Receivables Purchase Agreement	Exhibit 10.13.4 to the 1994 Form 10-K
10.11.5	Fifth Amendment, dated as of April 30, 1995, to the Receivables Purchase Agreement	Exhibit 10.12.5 to the 1995 Form 10-K
10.11.6	Sixth Amendment, dated as of August 26, 1995, to the Receivables Purchase Agreement	Exhibit 10.13.6 to the 1996 Form 10-K
10.11.7	Seventh Amendment, dated as of August 26, 1995, to the Receivables Purchase Agreement	Exhibit 10.13.7 to the 1996 Form 10-K
10.11.8	Eighth Amendment, dated as of May 14, 1996, to the Receivables Purchase Agreement	Exhibit 10.13.8 to the 1996 Form 10-K
10.11.9	Ninth Amendment, dated as of March 3, 1997, to the Receivables Purchase Agreement.	Exhibit 10.13.9 to the 1996 Form 10-K
10.11.10	First Supplement, dated as of September 15, 1993, to the Receivables Purchase Agreement	Exhibit 10.14.4 to 1993 Form 10-K
10.11.11	Second Supplement, dated as of May 31, 1994, to the Receivables Purchase Agreement	Exhibit 10.12.7 to the 1995 Form 10-K
10.12	Depository Agreement, dated as of December 31, 1992, among Deerfield Funding Corporation, now known as Seven Hills Funding Corporation ("Seven Hills"), the Company, and The Chase Manhattan Bank, as Depository	Exhibit 10.15 to Company's Annual Report on Form 10-K (File No. 1-10951) for the fiscal year ended January 30, 1993 ("1992 Form 10-K")
10.13	Liquidity Agreement, dated as of December 31, 1992, among Seven Hills, the Company, the financial institutions named therein, and Credit Suisse, New York Branch, as Liquidity Agent	Exhibit 10.16 to 1992 Form 10-K

</TABLE>

<TABLE>
<CAPTION>

<C> <S> <C>

EXHIBIT NUMBER	DESCRIPTION	DOCUMENT IF INCORPORATED BY REFERENCE
10.14	Pledge and Security Agreement, dated as of December 31, 1992, among Seven Hills, the Company, The Chase Manhattan Bank, as Depository and Collateral Agent, and the Liquidity Agent	Exhibit 10.17 to 1992 Form 10-K
10.15	Commercial Paper Dealer Agreement, dated as of December 31, 1992, among Seven Hills, the Company, and Goldman Sachs Money Markets, L.P.	Exhibit 10.18 to 1992 Form 10-K
10.16	Commercial Paper Dealer Agreement, dated as of December 31, 1992, among Seven Hills, the Company, and Shearson Lehman Brothers, Inc.	Exhibit 10.19 to 1992 Form 10-K
10.17	Receivables Purchase Agreement, dated as of January 22, 1997, among FDS National Bank and Prime II Receivables Corporation ("Prime II")	Exhibit 10.19 to the 1996 Form 10-K
10.18	Class A Certificate Purchase Agreement, dated as of January 22, 1997, among Prime II, FDS National Bank, The Class A Purchasers Parties thereto and Credit Suisse First Boston, New York Branch, as Agent	Exhibit 10.20 to the 1996 Form 10-K
10.19	Class B Certificate Purchase Agreement, dated as of January 22, 1997, among Prime II, FDS National Bank, The Class B Purchasers Parties thereto and Credit Suisse First Boston, New York Branch, as Agent	Exhibit 10.21 to the 1996 Form 10-K

10.20	Pooling and Servicing Agreement, dated as of January 22, 1997, (the "Prime II Pooling and Servicing Agreement") among Prime II, FDS National Bank and The Chase Manhattan Bank, as Trustee	Exhibit 10.22 to the 1996 Form 10-K
10.21	Series 1997-1 Supplement, dated as of January 22, 1997, to the Prime II Pooling and Servicing Agreement	Exhibit 10.23 to the 1996 Form 10-K
10.22	Commercial Paper Dealer Agreement, dated as of January 30, 1997, between the Company and Citicorp Securities, Inc.	Exhibit 10.24 to the 1996 Form 10-K
10.23	Commercial Paper Issuing and Paying Agent Agreement, dated as of January 30, 1997, between Citibank, N.A. and the Company	Exhibit 10.25 to the 1996 Form 10-K

</TABLE>

<TABLE>
<CAPTION>

EXHIBIT NUMBER	DESCRIPTION	DOCUMENT IF INCORPORATED BY REFERENCE
- --------------	-----------	------------------------------------
<C>	<S>	<C>
10.24	Commercial Paper Dealer Agreement, dated as of January 30, 1997, between the Company and Lehman Brothers, Inc.	Exhibit 10.26 to the 1996 Form 10-K
10.25	Tax Sharing Agreement	Exhibit 10.10 to Form 10
10.26	Ralphs Tax Indemnification Agreement	Exhibit 10.1 to Form 10
10.27	Account Purchase Agreement dated as of May 10, 1991, by and among Monogram Bank, USA, Macy's, Macy Credit Corporation, Macy Funding, Macy's California, Inc., Macy's Northeast, Inc., Macy's South, Inc., Bullock's Inc., I. Magnin, Inc., Master Servicer, and Macy Specialty Stores, Inc. **	Exhibit 19.2 to Macy's Quarterly Report on Form 10-Q for the fiscal quarter ended May 4, 1991 (File No. 33-6192), as amended under cover of Form 8, dated October 3, 1991 ("Macy's May 1991 Form 10-Q")
10.28	Amended and Restated Credit Card Program Agreement, dated as of June 4, 1996, among GE Capital Consumer Card Co. ("GE Bank"), FDS National Bank, Macy's East, Inc., Macy's West, Inc., Bullock's, Inc., Broadway Stores, Inc., FACS Group, Inc., and MSS-Delaware, Inc. **	Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended August 3, 1996 (the "August 1996 Form 10-Q")
10.29	Amended and Restated Trade Name and Service Mark License Agreement, dated as of June 4, 1996, among the Company, GE Bank and General Electric Capital Corporation ("GE Capital")	Exhibit 10.2 to the August 1996 Form 10-Q
10.30	FACS Credit Services and License Agreement, dated as of June 4, 1996, by and among GE Bank, GE Capital and FACS Group, Inc. **	Exhibit 10.3 to the August 1996 Form 10-Q
10.31	FDS Guaranty, dated as of June 4, 1996	Exhibit 10.4 to the August 1996 Form 10-Q
10.32	GE Capital Credit Services and License Agreement, dated as of June 4, 1996, among GE Capital, FDS National Bank, the Company and FACS Group, Inc. **	Exhibit 10.5 to the August 1996 Form 10-Q
10.33	GE Capital/GE Bank Credit Services Agreement, dated as of June 4, 1996, among GE Capital and GE Bank **	Exhibit 10.6 to the August 1996 Form 10-Q

</TABLE>

<TABLE>
<CAPTION>

EXHIBIT NUMBER	DESCRIPTION	DOCUMENT IF INCORPORATED BY REFERENCE
- --------------	-----------	------------------------------------
<C>	<S>	<C>
10.34	Amended and Restated Commercial Accounts Agreement, dated as of June 4, 1996, among GE Capital, the Company, FDS National Bank, Macy's East, Inc., Macy's West, Inc., Bullock's, Inc., Broadway Stores, Inc., FACS Group, Inc. and MSS-Delaware, Inc. **	Exhibit 10.7 to the August 1996 Form 10-Q
10.35	1992 Executive Equity Incentive Plan *	Exhibit 10.12 to Form 10

10.36	1995 Executive Equity Incentive Plan, as amended and restated as of May 16, 1997 *	Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended May 3, 1997
10.37	1992 Incentive Bonus Plan, as amended and restated as of December 12, 1997 *	Exhibit 10.37 to the 1997 Form 10-K
10.38	Form of Severance Agreement *	Exhibit 10.33 to the 1994 Form 10-K
10.39	Form of Indemnification Agreement *	Exhibit 10.14 to Form 10
10.40	Senior Executive Medical Plan *	Exhibit 10.1.7 to 1989 Form 10-K
10.41	Employment Agreement, dated as of March 10, 1997, between James M. Zimmerman and the Company *	Exhibit 10.44 to the 1996 Form 10-K
10.42	Employment Agreement, dated as of May 16, 1997, between Terry J. Lundgren and the Company *	Exhibit 10.43 to the 1997 Form 10-K
10.43	Form of Employment Agreement for Executives and Key Employees *	Exhibit 10.31 to 1993 Form 10-K
10.44	Form of Severance Agreement (for Executives and Key Employees other than the Executive Officers)	
10.45	Form of Second Amended and Restated Severance Agreement (for the Executive Officers)	
10.46	Supplementary Executive Retirement Plan, as amended and restated as of January 1, 1997 *	Exhibit 10.46 to the 1996 Form 10-K
10.47	Executive Deferred Compensation Plan, as amended *	Exhibit 10.47 to the 1996 Form 10-K
10.48	Profit Sharing 401(k) Investment Plan (amending and restating the Retirement Income and Thrift Incentive Plan) effective as of April 1, 1997 *	Exhibit 10.48 to the 1996 Form 10-K
10.49	Cash Account Pension Plan (amending and restating the Company Pension Plan) effective as of January 1, 1997 *	Exhibit 10.49 to the 1996 Form 10-K
21	Subsidiaries	

</TABLE>

<TABLE>
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EXHIBIT NUMBER	DESCRIPTION	DOCUMENT IF INCORPORATED BY REFERENCE
22	Consent of KPMG LLP	
23	Powers of Attorney	
27	Financial Data Schedule	

</TABLE>

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* Constitutes a compensatory plan or arrangement.

** Confidential portions of this Exhibit were omitted and filed separately with the SEC pursuant to Rule 24b-2 under the Exchange Act.

(b) Reports on Form 8-K. Current report on Form 8-K, dated December 3, 1998, reporting matters under items 5 and 7 thereof.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FEDERATED DEPARTMENT STORES, INC.

By: /s/ DENNIS J. BRODERICK

Dennis J. Broderick
Senior Vice President, General
Counsel and Secretary

Date: April 21, 1999

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934, THIS REPORT HAS BEEN SIGNED BELOW BY THE FOLLOWING PERSONS ON BEHALF OF THE REGISTRANT AND IN THE CAPACITIES INDICATED ON APRIL 21, 1999.

<TABLE>
<CAPTION>

SIGNATURE	TITLE
<C>	<S>
* James M. Zimmerman	Chairman of the Board and Chief Executive Officer (principal executive officer) and Director
* Terry J. Lundgren	President and Chief Merchandising Officer and Director
* Ronald W. Tysoe	Vice Chairman, Finance and Real Estate and Director
* Karen M. Hoguet	Senior Vice President, Chief Financial Officer and Treasurer
* Joel A. Belsky	Vice President and Controller (principal accounting officer)
* Meyer Feldberg	Director
* Earl G. Graves, Sr.	Director
* George V. Grune	Director
* Sara Levinson	Director
* Joseph Neubauer	Director
* Joseph A. Pichler	Director
* Karl M. von der Heyden	Director
* Craig E. Weatherup	Director
* Marna C. Whittington	Director

</TABLE>

* The undersigned, by signing his name hereto, does sign and execute this Annual Report on Form 10-K pursuant to the Powers of Attorney executed by the above-named officers and directors and filed herewith.

By: /s/ DENNIS J. BRODERICK

Dennis J. Broderick
Attorney-in-Fact

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT'S REPORT

To the Shareholders of
Federated Department Stores, Inc.:

The integrity and consistency of the consolidated financial statements of Federated Department Stores, Inc. and subsidiaries, which were prepared in accordance with generally accepted accounting principles, are the responsibility of management and properly include some amounts that are based upon estimates and judgments.

The Company maintains a system of internal accounting controls, which is supported by a program of internal audits with appropriate management follow-up action, to provide reasonable assurance, at appropriate cost, that the Company's assets are protected and transactions are properly recorded. Additionally, the integrity of the financial accounting system is based on careful selection and training of qualified personnel, organizational arrangements which provide for appropriate division of responsibilities and communication of established written policies and procedures.

The consolidated financial statements of the Company have been audited by KPMG LLP, independent certified public accountants. Their report expresses their opinion as to the fair presentation, in all material respects, of the financial statements and is based upon their independent audits conducted in accordance with generally accepted auditing standards.

The Audit Review Committee, composed solely of outside directors, meets periodically with the independent certified public accountants, the internal auditors and representatives of management to discuss auditing and financial reporting matters. In addition, the independent certified public accountants and the Company's internal auditors meet periodically with the Audit Review Committee without management representatives present and have free access to the Audit Review Committee at any time. The Audit Review Committee is responsible for recommending to the Board of Directors the engagement of the independent certified public accountants, which is subject to shareholder approval, and the general oversight review of management's discharge of its responsibilities with respect to the matters referred to above.

James M. Zimmerman
Chairman and Chief Executive Officer

Karen M. Hoguet
Senior Vice President, Chief Financial Officer and Treasurer

Joel A. Belsky

Vice President and Controller

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Federated Department Stores, Inc.:

We have audited the accompanying consolidated balance sheets of Federated Department Stores, Inc. and subsidiaries as of January 30, 1999 and January 31, 1998, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the fifty-two week periods ended January 30, 1999, January 31, 1998 and February 1, 1997. These consolidated financial statements are the responsibility of management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Federated Department Stores, Inc. and subsidiaries as of January 30, 1999 and January 31, 1998, and the results of their operations and their cash flows for the fifty-two week periods ended January 30, 1999, January 31, 1998 and February 1, 1997, in conformity with generally accepted accounting principles.

KPMG LLP

Cincinnati, Ohio
March 2, 1999

FEDERATED DEPARTMENT STORES, INC.

CONSOLIDATED STATEMENTS OF INCOME

(MILLIONS, EXCEPT PER SHARE DATA)

<TABLE>
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<S>	52 WEEKS ENDED JANUARY 30, 1999 <C>	52 WEEKS ENDED JANUARY 31, 1998 <C>	52 WEEKS ENDED FEBRUARY 1, 1997 <C>
Net sales, including leased department sales	$15,833	$15,668	$15,229
Cost of sales	9,616	9,581	9,354
Selling, general and administrative expenses	4,762	4,746	4,982
Operating income	1,455	1,341	893
Interest expense	(304)	(418)	(499)
Interest income	12	35	47
Income before income taxes and extraordinary items	1,163	958	441
Federal, state and local income tax expense	(478)	(383)	(175)
Income before extraordinary items	685	575	266
Extraordinary items	(23)	(39)	-
Net income	$ 662	$ 536	$ 266

Basic earnings per share:

Income before extraordinary items	$ 3.27	$ 2.74	$ 1.28
Extraordinary items	(.11)	(.18)	-
Net income	$ 3.16	$ 2.56	$ 1.28
Diluted earnings per share:			
Income before extraordinary items	$ 3.06	$ 2.58	$ 1.24
Extraordinary items	(.10)	(.17)	-
Net income	$ 2.96	$ 2.41	$ 1.24

</TABLE>

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

FEDERATED DEPARTMENT STORES, INC.

CONSOLIDATED BALANCE SHEETS

(MILLIONS)

<TABLE>
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<S>	JANUARY 30, 1999 <C>	JANUARY 31, 1998 <C>
ASSETS		
Current Assets:		
Cash	$ 307	$ 142
Accounts receivable	2,209	2,640
Merchandise inventories	3,259	3,239
Supplies and prepaid expenses	117	115
Deferred income tax assets	80	58
Total Current Assets	5,972	6,194
Property and Equipment - net	6,572	6,520
Intangible Assets - net	631	690
Other Assets	289	334
Total Assets	$13,464	$13,738
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Short-term debt	$ 524	$ 556
Accounts payable and accrued liabilities	2,446	2,416
Income taxes	98	88
Total Current Liabilities	3,068	3,060
Long-Term Debt	3,057	3,919
Deferred Income Taxes	1,060	939
Other Liabilities	570	564
Shareholders' Equity	5,709	5,256
Total Liabilities and Shareholders' Equity	$13,464	$13,738

</TABLE>

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

FEDERATED DEPARTMENT STORES, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(MILLIONS)

- --

<TABLE>
<CAPTION>

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED EQUITY	TREASURY STOCK	UNEARNED RESTRICTED STOCK	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL SHAREHOLDERS' EQUITY
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE AT FEBRUARY 3, 1996.......	$2	$4,269	$ 568	$(562)	$(3)	$ -	$4,274
Net Income.......................			266				266
Total comprehensive income........							266
Stock issued under stock plans....		125		(4)			121
Restricted stock plan amortization...................					2		2
Income tax benefit related to stock plan activity............		6					6
BALANCE AT FEBRUARY 1, 1997.......	2	4,400	834	(566)	(1)	-	4,669
Net Income.......................			536				536
Minimum pension liability adjustment, net of income tax effect.........................						(3)	(3)
Total comprehensive income........							533
Stock issued under stock plans....		46		(7)	(1)		38
Deferred compensation plan distributions..................				1			1
Income tax benefit related to stock plan activity............		15					15
BALANCE AT JANUARY 31, 1998.......	2	4,461	1,370	(572)	(2)	(3)	5,256
Net Income.......................			662				662
Minimum pension liability adjustment, net of income tax effect.........................						(7)	(7)
Total comprehensive income........							655
Stock repurchases................				(591)			(591)
Stock issued under stock plans....		36		(6)			30
Deferred compensation plan distributions..................				1			1
Restricted stock plan amortization...................					1		1
Income tax benefit related to stock plan activity............		13					13
Stock issued in conversion of subordinated notes.............		(104)		448			344
BALANCE AT JANUARY 30, 1999.......	$2	$4,406	$2,032	$(720)	$(1)	$(10)	$5,709

</TABLE>

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

FEDERATED DEPARTMENT STORES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(MILLIONS)

- --
- --

<TABLE>
<CAPTION>

	52 WEEKS ENDED JANUARY 30, 1999	52 WEEKS ENDED JANUARY 31, 1998	52 WEEKS ENDED FEBRUARY 1, 1997

<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net income..	$ 662	$ 536	$ 266
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of property and equipment......................................	596	563	504
Amortization of intangible assets.................	27	27	27
Amortization of financing costs...................	7	20	27
Amortization of unearned restricted stock..........	1	-	2
Loss on early extinguishment of debt..............	23	39	-
Changes in assets and liabilities:			
Decrease in accounts receivable................	235	194	223
(Increase) decrease in merchandise inventories..................................	(20)	7	(151)
(Increase) decrease in supplies and prepaid expenses.....................................	(2)	(5)	67
(Increase) decrease in other assets not separately identified........................	31	(7)	(12)
Increase (decrease) in accounts payable and accrued liabilities not separately identified...................................	6	(36)	177
Increase in current income taxes................	25	103	2
Increase in deferred income taxes..............	103	138	84
Increase (decrease) in other liabilities not separately identified........................	(4)	(6)	4
	-------	-------	-------
Net cash provided by operating activities.....	1,690	1,573	1,220
	-------	-------	-------
Cash flows from investing activities:			
Purchase of property and equipment....................	(695)	(696)	(846)
Disposition of property and equipment.................	50	178	196
Collection of note receivable.........................	200	200	-
	-------	-------	-------
Net cash used by investing activities.........	(445)	(318)	(650)
	-------	-------	-------
Cash flows from financing activities:			
Debt issued...	650	763	689
Financing costs.......................................	-	(7)	(11)
Debt repaid...	(1,229)	(2,027)	(1,335)
Increase (decrease) in outstanding checks.............	47	(45)	(65)
Acquisition of treasury stock.........................	(594)	(2)	(1)
Issuance of common stock..............................	46	56	129
	-------	-------	-------
Net cash used by financing activities.........	(1,080)	(1,262)	(594)
	-------	-------	-------
Net increase (decrease) in cash.........................	165	(7)	(24)
Cash beginning of period................................	142	149	173
	-------	-------	-------
Cash end of period......................................	$ 307	$ 142	$ 149
	=======	=======	=======
Supplemental cash flow information:			
Interest paid...	$ 306	$ 412	$ 465
Interest received.....................................	15	38	46
Income taxes paid (net of refunds received)...........	304	121	21

</TABLE>

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

- --
- --

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Federated Department Stores, Inc. (the "Company") is a retail organization operating department stores that sell a wide range of merchandise, including women's, men's and children's apparel, cosmetics, home furnishings and other consumer goods.

The Consolidated Financial Statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions have been eliminated. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates and assumptions are subject to inherent uncertainties, which may result in actual amounts differing from reported amounts.

Cash includes cash and liquid investments with original maturities of three months or less.

Installments of deferred payment accounts receivable maturing after one year are included in current assets in accordance with industry practice. Such accounts are accepted on customary revolving credit terms and offer the customer the option of paying the entire balance on a 25-day basis without incurring finance charges. Alternatively, customers may make scheduled minimum payments and incur competitive finance charges. Minimum payments vary from 2.5% to 100.0% of the account balance, depending on the size of the balance. Profits on installment sales are included in income when the sales are made. Finance charge income is treated as a reduction of selling, general and administrative expenses.

Substantially all merchandise inventories are valued by the retail method and stated on the LIFO (last-in, first-out) basis, which is generally lower than market.

Depreciation and amortization are provided primarily on a straight-line basis over the shorter of estimated asset lives or related lease terms. Estimated asset lives range from 15 to 50 years for buildings and building equipment and 3 to 15 years for store fixtures and equipment. Real estate taxes and interest on construction in progress and land under development are capitalized. Amounts capitalized are amortized over the estimated lives of the related depreciable assets. The carrying value of property and equipment is periodically reviewed and adjusted appropriately by the Company whenever events or changes in circumstances indicate that the estimated fair value is less than the carrying amount.

Intangible assets are amortized on a straight-line basis over their estimated lives (see Note 6). The carrying value of intangible assets is periodically reviewed by the Company and impairments are recognized when the present value of the expected future operating cash flows derived from such intangible assets is less than their carrying value.

Advertising and promotional costs, which are generally expensed as incurred, amounted to $739 million, $680 million and $618 million for the 52 weeks ended January 30, 1999, January 31, 1998 and February 1, 1997, respectively.

Financing costs are amortized over the life of the related debt.

Income taxes are accounted for under the asset and liability method. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and net operating loss and tax credit carryforwards. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The cost of postretirement benefits other than pensions is recognized in the financial statements over an employee's term of service with the Company.

The Company accounts for its stock-based employee compensation plan in accordance with Accounting Principles Board Opinion No. 25 and related interpretations (see Note 12).

Earnings per share are computed in accordance with Statement of Financial Accounting Standards (SFAS) No. 128 "Earnings Per Share" (see Note 15).

Effective February 1, 1998, the Company adopted SFAS No. 130, "Reporting Comprehensive Income," SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" and SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits." The adoption of these statements did not impact the Company's consolidated financial position, results of operation or cash flows and, where applicable, are limited to the form and content of their disclosures.

Certain reclassifications were made to prior years' amounts to conform with the classifications of such amounts for the most recent year.

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

2. EXTRAORDINARY ITEMS

The extraordinary item for the 52 weeks ended January 30, 1999 represents costs of $23 million, net of income tax benefit of $15 million, associated with the completion of a tender offer pursuant to which the Company purchased and retired approximately $340 million aggregate principal amount of its 10% Senior Notes due 2001.

The extraordinary item for the 52 weeks ended January 31, 1998 represents costs of $39 million, net of income tax benefit of $25 million, associated with the prepayment of all amounts outstanding under the

Company's mortgage loan facility, secured promissory note, certain other mortgages and previous bank credit facility, all of which were retired and terminated.

3. ACCOUNTS RECEIVABLE

<TABLE>
<CAPTION>

	JANUARY 30, 1999	JANUARY 31, 1998
	(MILLIONS)	
<S>	<C>	<C>
Due from customers	$2,099	$2,322
Less allowance for doubtful accounts	77	100
	2,022	2,222
Other receivables	187	418
Net receivables	$2,209	$2,640

</TABLE>

Sales through the Company's credit plans were $4,028 million, $4,002 million and $4,191 million for the 52 weeks ended January 30, 1999, January 31, 1998 and February 1, 1997, respectively. The credit plans relating to certain operations of the Company are owned by a third party. Other receivables at January 31, 1998 includes $200 million of a note relating to the sale of certain divisions in 1988.

Finance charge income amounted to $345 million, $391 million and $430 million for the 52 weeks ended January 30, 1999, January 31, 1998 and February 1, 1997, respectively.

Changes in allowance for doubtful accounts are as follows:

	52 WEEKS ENDED JANUARY 30, 1999	52 WEEKS ENDED JANUARY 31, 1998	52 WEEKS ENDED FEBRUARY 1, 1997
	(MILLIONS)		
Balance, beginning of year..........	$ 100	$ 96	$ 83
Charged to costs and expenses.......	112	167	172
Net uncollectible balances written off..............................	(135)	(163)	(159)
Balance, end of year................	$ 77	$ 100	$ 96

4. INVENTORIES

Merchandise inventories were $3,259 million at January 30, 1999, compared to $3,239 million at January 31, 1998. At these dates, the cost of inventories using the LIFO method approximated the cost of such inventories using the first-in, first-out method. The application of the LIFO method did not impact cost of sales for the 52 weeks ended January 30, 1999, January 31, 1998 or February 1, 1997.

5. PROPERTIES AND LEASES

	JANUARY 30, 1999	JANUARY 31, 1998
	(MILLIONS)	
Land...	$1,018	$1,019
Buildings on owned land....................................	2,399	2,314
Buildings on leased land and leasehold improvements.........	1,552	1,552
Store fixtures and equipment...............................	3,713	3,305
Leased properties under capitalized leases..................	73	76
	8,755	8,266
Less accumulated depreciation and amortization.............	2,183	1,746
	$6,572	$6,520

In connection with various shopping center agreements, the Company is obligated to operate certain stores within the centers for periods of up to 20 years. Some of these agreements require that the stores be operated under a particular name.

The Company leases a portion of the real estate and personal property used in its operations. Most leases require the Company to pay real estate taxes, maintenance and other executory costs; some also require additional payments based on percentages of sales and some contain purchase options.

Minimum rental commitments (excluding executory costs) at January 30, 1999, for noncancellable leases are:

<TABLE>
<CAPTION>

	CAPITALIZED LEASES	OPERATING LEASES	TOTAL
	(MILLIONS)		
<S>	<C>	<C>	<C>
Fiscal year:			
1999	$13	$ 145	$ 158
2000	12	143	155
2001	12	136	148
2002	10	125	135
2003	9	114	123
After 2003	64	921	985
Total minimum lease payments	120	$1,584	$1,704
Less amount representing interest	54		
Present value of net minimum capitalized lease payments	$66		

</TABLE>

Capitalized leases are included in the Consolidated Balance Sheets as property and equipment while the related obligation is included in short-term ($6 million) and long-term ($60 million) debt. Amortization of assets subject to capitalized leases is included in depreciation and amortization expense. Total minimum lease

payments shown above have not been reduced by minimum sublease rentals of approximately $6 million on capitalized leases and $12 million on operating leases.

Rental expense consists of:

<TABLE>
<CAPTION>

	52 WEEKS ENDED JANUARY 30, 1999	52 WEEKS ENDED JANUARY 31, 1998	52 WEEKS ENDED FEBRUARY 1, 1997
	(MILLIONS)		
<S>	<C>	<C>	<C>
Real estate (excluding executory costs)			
Capitalized leases -			
Contingent rentals	$ 3	$ 4	$ 4
Operating leases -			
Minimum rentals	144	149	151
Contingent rentals	21	23	21
	168	176	176
Less income from subleases -			
Capitalized leases	1	1	1
Operating leases	3	3	3
	4	4	4
	$164	$172	$172
Personal property - Operating leases	$ 22	$ 37	$ 60

</TABLE>

6. INTANGIBLE ASSETS

	JANUARY 30, 1999	JANUARY 31, 1998
	(MILLIONS)	
Reorganization value in excess of amount allocable to identifiable assets	$100	$100
Excess of cost over net assets acquired	262	294
Tradenames	458	458
	820	852
Less accumulated amortization	189	162
Intangible assets - net	$631	$690

Intangible assets are being amortized on a straight-line basis over 20 years, except for tradenames which are being amortized over 40 years. The Company recorded $32 million of tax benefits as a reduction to excess of cost over net assets acquired during the 52 weeks ended January 30, 1999 (see Note 9).

7. FINANCING

	JANUARY 30, 1999	JANUARY 31, 1998
	(MILLIONS)	
Short-term debt:		
Receivables backed financings	$ 490	$ 375
Current portion of long-term debt	34	5
Note monetization facility	-	176
Total short-term debt	$ 524	$ 556
Long-term debt:		
Receivables backed financings	$ 836	$1,326
8.5% Senior notes due 2003	450	450
8.125% Senior notes due 2002	400	400
6.125% Term Enhanced ReMarketable Securities due 2011	350	-
7.45% Senior debentures due 2017	300	300
7.0% Senior debentures due 2028	300	294
6.79% Senior debentures due 2027	250	250
10.0% Senior notes due 2001	110	450
Capital lease obligations and mortgages	61	99
5.0% Convertible subordinated notes due 2003	-	350
Total long-term debt	$3,057	$3,919

Interest expense was as follows:

	52 WEEKS ENDED JANUARY 30, 1999	52 WEEKS ENDED JANUARY 31, 1998	52 WEEKS ENDED FEBRUARY 1, 1997
	(MILLIONS)		

<S>	<C>	<C>	<C>
Interest on debt.......................	$293	$392	$464
Amortization of financing costs.........	7	20	27
Interest on capitalized leases..........	7	8	9
	----	----	----
Subtotal.............................	307	420	500
Less interest capitalized on construction.........................	(3)	(2)	(1)
	----	----	----
	$304	$418	$499
	====	====	====

</TABLE>

- --
- --

Future maturities of long-term debt, other than capitalized leases and including unamortized original issue discount of $1 million, are shown below:

<TABLE>
<CAPTION>

<S>	(MILLIONS) <C>
Fiscal year:	
2000...	$ -
2001...	699
2002...	998
2003...	450
2004...	250
After 2004...	600

</TABLE>

On February 6, 1998, the Company issued $300 million of 7.0% Senior Debentures due 2028. On August 26, 1998, the Company issued $350 million of 6 1/8% Term Enhanced ReMarketable Securities (TERMS) due in 2011, puttable to the Company in 2001. Also during the 52 weeks ended January 30, 1999, the Company renewed a portion of the bank credit agreement which provides a $500 million unsecured revolving credit facility with a termination date of July 26, 1999. As of January 30, 1999, the Company had $27 million of standby letters of credit and $42 million of trade letters of credit outstanding under this agreement.

During the 52 weeks ended January 30, 1999, the Company repaid borrowings totaling $1,229 million. The major components of debt repaid included $340 million of its 10% Senior Notes due 2001, the remaining $176 million of borrowings under a note monetization facility, $294 million of short-term debt refinanced at the end of 1997 and $375 million of receivables backed financings. Also, during the 52 weeks ended January 30, 1999, the $350 million aggregate principal amount of the Company's 5.0% Convertible Subordinated Notes due 2003 was converted into 10.2 million shares of common stock.

The following summarizes certain components of the Company's debt:

BANK CREDIT AGREEMENTS

The Company and certain financial institutions are parties to (i) the Five-Year Credit Agreement, pursuant to which such financial institutions have provided the Company with a $1,500 million revolving loan facility (the "Five Year Facility") and (ii) the 364 Day Credit Agreement, pursuant to which such financial institutions have provided the Company with a $500 million revolving loan facility (the "364-Day Facility" and, together with the Five-Year Facility, the "Revolving Loan Facilities"). The Company's obligations under the Revolving Loan Facilities are not secured or guaranteed.

As of January 30, 1999, there were no revolving credit loans outstanding under the Revolving Loan Facilities. However, there were $69 million of letters of credit outstanding under the Revolving Loan Facilities at January 30, 1999. As of January 31, 1998, there were $150 million of revolving credit loans outstanding under the Revolving Loan Facilities which, as a result of a refinancing, was classified as long term debt. Additionally, there were $112 million of letters of credit outstanding under the Revolving Loan Facilities at

January 31, 1998. Revolving loans under the Revolving Loan Facilities bear interest based on published rates. As of January 31, 1998, the average rate per annum was 5.78%.

COMMERCIAL PAPER

On January 30, 1997, the Company established a $400 million program (subsequently increased to $2,000 million) for the issuance from time to time of unsecured commercial paper. The issuance of commercial paper under the program will have the effect, while such commercial paper is outstanding, of reducing the Company's borrowing capacity under the Revolving Loan Facilities by an amount equal to the principal amount of such commercial paper. As of January 30, 1999, there was no such commercial paper outstanding. As of January 31, 1998, there was $144 million of such commercial paper outstanding which, as a result of a refinancing, was classified as long-term debt.

RECEIVABLES BACKED FINANCINGS

Receivables backed financings classified as short-term debt consist of the current portion of amounts due under certain receivables backed certificates issued by a subsidiary of the Company together with receivables backed commercial paper issued by a subsidiary of the Company (of which none and $375 million were outstanding as of January 30, 1999 and January 31, 1998, respectively). Receivables backed financings classified as long-term debt consist of receivables backed certificates issued by a subsidiary of the Company, which certificates represent undivided interests in a master trust originated by such subsidiary, bear interest at rates ranging from 6.70% to 6.90% per annum and mature between May 1, 2001 and September 15, 2002.

SENIOR NOTES AND DEBENTURES

The Senior Notes and the Senior Debentures are unsecured obligations of the Company. The holders of the Senior Debentures due 2027 may elect to have such debentures repaid on July 15, 2004 at 100% of the principal amount thereof, together with accrued and unpaid interest to the date of repayment.

TERMS

The TERMS are unsecured obligations of the Company. The final maturity is scheduled to occur on September 1, 2011 ("Final Maturity"), but may be adjusted during the remarketing process. The TERMS will bear interest at the rate of 6 1/8% per annum to September 1, 2001 ("Investor Maturity Date"). The interest rate to Final Maturity will be determined during the remarketing process and will be equal to the sum of 5.64% per annum plus the Company's then current credit spread for similar debt instruments. At the Investor Maturity Date, the remarketing dealer may purchase the TERMS from the investors, at face value, and remarket the securities to new investors or the remarketing dealer may give notice to the Company that such securities shall be tendered to the Company and retired.

OTHER FINANCING ARRANGEMENT

In addition to the financing arrangements discussed above, on January 22, 1997, the Company entered into an arrangement providing for off balance sheet financing of up to $200 million (subsequently increased to $375 million) of non-proprietary credit card receivables arising under accounts owned by the Company. At January 30, 1999 and January 31, 1998, $340 million and $243 million, respectively, of borrowings were outstanding under this arrangement.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

<TABLE>
<CAPTION>

	JANUARY 30, 1999	JANUARY 31, 1998
	(MILLIONS)	
<S>	<C>	<C>
Merchandise and expense accounts payable....................	$1,630	$1,587
Liabilities to customers....................................	220	173
Taxes other than income taxes...............................	116	116
Accrued wages and vacation..................................	91	86
Accrued interest..	45	51
Other...	344	403
	------	------
	$2,446	$2,416
	======	======

</TABLE>

9. TAXES

Income tax expense is as follows:

<TABLE>
<CAPTION>

	52 WEEKS ENDED JANUARY 30, 1999			52 WEEKS ENDED JANUARY 31, 1998			52 WEEKS ENDED FEBRUARY 1, 1997		
	CURRENT	DEFERRED	TOTAL	CURRENT	DEFERRED	TOTAL	CURRENT	DEFERRED	TOTAL
				(MILLIONS)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Federal................	$405	$(19)	$386	$319	$ (1)	$318	$176	$(31)	$145
State and local........	96	(4)	92	66	(1)	65	36	(6)	30
	----	----	----	----	----	----	----	----	----
	$501	$(23)	$478	$385	$ (2)	$383	$212	$(37)	$175
	====	====	====	====	====	====	====	====	====

</TABLE>

The income tax expense reported differs from the expected tax computed by applying the federal income tax statutory rate of 35% for the 52 weeks ended January 30, 1999, January 31, 1998 and February 1, 1997, to income before income taxes and extraordinary items. The reasons for this difference and their tax effects are as follows:

<TABLE>
<CAPTION>

	52 WEEKS ENDED JANUARY 30, 1999	52 WEEKS ENDED JANUARY 31, 1998	52 WEEKS ENDED FEBRUARY 1, 1997
		(MILLIONS)	
<S>	<C>	<C>	<C>
Expected tax..........................	$407	$335	$154
State and local income taxes, net of federal income tax expense..........	60	43	20
Permanent difference arising from amortization of intangible assets...	9	9	9
Other................................	2	(4)	(8)
	----	----	----
	$478	$383	$175
	====	====	====

</TABLE>

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

<TABLE>
<CAPTION>

	JANUARY 30, 1999	JANUARY 31, 1998
	-----------	------------

<S> <C> <C>

	(MILLIONS)	
Deferred tax assets:		
Operating loss carryforwards	$ 115	$ 174
Accrued liabilities accounted for on a cash basis for tax purposes	172	175
Postretirement benefits other than pensions	165	171
Allowance for doubtful accounts	30	40
Capitalized lease debt	29	31
Alternative minimum tax credit carryforwards	16	53
Other	133	132
Total gross deferred tax assets	660	776
Deferred tax liabilities:		
Excess of book basis over tax basis of property and equipment	(1,355)	(1,345)
Merchandise inventories	(125)	(122)
Prepaid pension expense	(64)	(68)
Other	(96)	(122)
Total gross deferred tax liabilities	(1,640)	(1,657)
Net deferred tax liability	$ (980)	$ (881)

</TABLE>

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities and tax planning strategies in making this assessment. Tax law limits the use of an acquired enterprise's net operating loss carryforwards ("NOLs") to subsequent taxable income of the acquired enterprise in a consolidated tax return for the combined enterprise. As of January 30, 1999, the Company estimated that NOLs, which are available to offset future taxable income of acquired enterprises through 2009, were approximately $324 million. During the year ended January 30, 1999, the Company recorded an additional $32 million of tax benefits related to an acquired enterprise's NOLs and reduced the excess of cost over net assets acquired accordingly. As of January 30, 1999, the Company also had alternative minimum tax credit carryforwards of $16 million, which are available to reduce future income taxes, if any, over an indefinite period.

10. RETIREMENT PLANS

The Company has a defined benefit plan ("Pension Plan") and a defined contribution plan ("Savings Plan") which cover substantially all employees who work 1,000 hours or more in a year. In addition, the Company has a defined benefit supplementary retirement plan which includes benefits, for certain employees, in excess of qualified plan limitations. For the 52 weeks ended January 30, 1999, January 31, 1998 and

February 1, 1997, net retirement expense for these plans totaled $30 million, $35 million and $29 million, respectively.

Measurements of plan assets and obligations for the Pension Plan and the defined benefit supplementary retirement plan are calculated as of December 31 of each year. The discount rates used to determine the actuarial present value of projected benefit obligations under such plans were 6.75% as of December 31, 1998 and 7.25% as of December 31, 1997. The assumed weighted average rate of increase in future compensation levels under such plans was 5.0% as of December 31, 1998 and December 31, 1997. The long-term rate of return on assets (Pension Plan only) was 9.75% as of December 31, 1998 and December 31, 1997.

PENSION PLAN

The following provides a reconciliation of benefit obligations, plan assets and funded status of the Pension Plan as of December 31, 1998 and 1997:

<TABLE>
<CAPTION>

	1998	1997
	(MILLIONS)	
Change in projected benefit obligation		
Projected benefit obligation, beginning of year	$1,403	$1,281
Service cost	29	30
Interest cost	97	99
Actuarial loss	58	119
Benefits paid	(127)	(126)
Projected benefit obligation, end of year	$1,460	$1,403
Changes in plan assets (primarily stocks, bonds and U.S. government securities)		
Fair value of plan assets, beginning of year	$1,590	$1,469
Actual return on plan assets	201	247
Benefits paid	(127)	(126)
Fair value of plan assets, end of year	$1,664	$1,590
Funded status	$ 204	$ 187
Unrecognized net gain	(28)	(21)
Unrecognized prior service cost	3	3
Prepaid pension expense	$ 179	$ 169

</TABLE>

Net pension costs for the Company's Pension Plan included the following actuarially determined components:

<TABLE>
<CAPTION>

	52 WEEKS ENDED JANUARY 30, 1999	52 WEEKS ENDED JANUARY 31, 1998	52 WEEKS ENDED FEBRUARY 1, 1997
	(MILLIONS)		
Service cost	$ 29	$ 30	$ 36
Interest cost	97	99	94
Expected return on assets	(137)	(132)	(126)
Amortization of prior service cost	1	-	-
Recognition of net actuarial loss	-	-	7
Cost of special termination benefits	-	9	-
Net pension expense (credit)	$ (10)	$ 6	$ 11

</TABLE>

In connection with a program to modify certain health care benefits for future retirees at one division, during the 52 weeks ended January 31, 1998, the Company incurred $9 million of special termination benefits to eligible employees who elected to retire within a specified time period.

As permitted under SFAS No. 87, "Employers' Accounting for Pensions," the amortization of any prior service cost is determined using a straight-line amortization of the cost over the average remaining service period of employees expected to receive benefits under the Pension Plan.

The Company's policy is to fund the Pension Plan at or above the minimum required by law. For the 1998 and 1997 plan years, the Pension Plan was considered to be fully funded and no funding contributions were required or made. Plan assets are held by independent trustees.

SUPPLEMENTARY RETIREMENT PLAN

The following provides a reconciliation of benefit obligations, plan assets and funded status of the supplementary retirement plan as of December 31, 1998 and 1997:

(MILLIONS)	1998	1997
Change in projected benefit obligation		
Projected benefit obligation, beginning of year	$ 94	$ 75
Service cost	4	2
Interest cost	8	5
Plan amendments	-	3
Actuarial loss	36	16
Benefits paid	(10)	(7)
Projected benefit obligation, end of year	$ 132	$ 94
Change in plan assets		
Fair value of plan assets, beginning of year	$ -	$ -
Company contributions	10	7
Benefits paid	(10)	(7)
Fair value of plan assets, end of year	$ -	$ -
Funded status	$(132)	$ (94)
Unrecognized net loss	49	9
Unrecognized prior service cost	6	7
Accrued benefit cost	$ (77)	$ (78)
Amounts recognized in the statement of financial position		
Accrued benefit cost	(99)	(89)
Intangible asset	5	7
Accumulated other comprehensive income	17	4
Net amount recognized	$ (77)	$ (78)

The accumulated benefit obligation for the supplementary retirement plan was $99 million and $89 million as of December 31, 1998 and December 31, 1997, respectively.

Net pension costs for the supplementary retirement plan included the following actuarially determined components:

(MILLIONS)	52 WEEKS ENDED JANUARY 30, 1999	52 WEEKS ENDED JANUARY 31, 1998	52 WEEKS ENDED FEBRUARY 1, 1997
Service cost	$ 4	$ 2	$ 2
Interest cost	8	5	5
Amortization of prior service cost	1	2	1
Recognition of net actuarial loss	3	-	-

	---	---	---
Net pension expense................	$16	$ 9	$ 8
	===	===	===

</TABLE>

As permitted under SFAS No. 87, "Employers' Accounting for Pensions," the amortization of any prior service cost is determined using a straight-line amortization of the cost over the average remaining service period of employees expected to receive benefits under the Plan.

SAVINGS PLAN

The Savings Plan includes a voluntary savings feature for eligible employees. The Company's contribution is based on the Company's annual earnings and the minimum contribution is 33 1/3% of an employee's eligible savings. Expense for the Savings Plan amounted to $24 million for the 52 weeks ended January 30, 1999, $20 million for the 52 weeks ended January 31, 1998 and $10 million for the 52 weeks ended February 1, 1997.

DEFERRED COMPENSATION PLAN

The Company has a deferred compensation plan wherein eligible executives may elect to defer a portion of their compensation each year as either stock credits or cash credits. The Company transfers shares to a trust to cover the number it estimates will be needed for distribution on account of stock credits currently outstanding. At January 30, 1999, January 31, 1998, and February 1, 1997, the liability under the plan, which is reflected in other liabilities, was $21 million, $17 million, and $12 million, respectively. Expense for the 52 weeks ended January 30, 1999, 52 weeks ended January 31, 1998, and 52 weeks ended February 1, 1997, was immaterial.

11. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to pension and other supplemental benefits, certain retired employees currently are provided with specified health care and life insurance benefits. Eligibility requirements for such benefits vary by division and subsidiary, but generally state that benefits are available to eligible employees who retire after a certain age with specified years of service. Certain employees are subject to having such benefits modified or terminated.

The following provides a reconciliation of benefit obligations, plan assets and funded status of the postretirement obligations as of December 31, 1998 and 1997:

<TABLE>
<CAPTION>

	1998	1997
	(MILLIONS)	
Change in accumulated postretirement benefit obligation		
Accumulated postretirement benefit obligation, beginning of year..	$ 325	$ 364
Service cost..	2	2
Interest cost...	22	23
Plan amendments...	(2)	(23)
Actuarial (gain) loss...................................	12	(16)
Curtailment loss..	-	1
Loss due to special termination benefits.................	-	1
Benefits paid...	(27)	(27)
	-----	-----
Accumulated postretirement benefit obligation, end of year..	$ 332	$ 325
Change in plan assets		
Fair value of plan assets, beginning of year.............	$ -	$ -
Company contributions...................................	27	27
Benefits paid...	(27)	(27)
	-----	-----

Fair value of plan assets, end of year	$ -	$ -
Funded status	$(332)	$(325)
Unrecognized net gain	(50)	(73)
Unrecognized prior service cost	(30)	(31)
Accrued benefit cost	$(412)	$(429)

</TABLE>

Net postretirement benefit expense included the following actuarially determined components:

<TABLE>
<CAPTION>

	52 WEEKS ENDED JANUARY 30, 1999	52 WEEKS ENDED JANUARY 31, 1998	52 WEEKS ENDED FEBRUARY 1, 1997
		(MILLIONS)	
Service cost	$ 2	$ 2	$ 5
Interest cost	23	23	27
Amortization of prior service cost	(5)	(4)	(2)
Recognition of net actuarial gain	(9)	(11)	(4)
Reduction for special termination benefits	-	(3)	-
Net postretirement benefit expense	$ 11	$ 7	$ 26

</TABLE>

The discount rate used in determining the actuarial present value of unfunded postretirement benefit obligations was 6.75% as of December 31, 1998 and 7.25% as of December 31, 1997.

The future medical benefits provided by the Company for certain employees are based on a fixed amount per year of service, and the accumulated postretirement benefit obligation is not affected by increases in health care costs. However, the future medical benefits provided by the Company for certain other employees are affected by increases in health care costs. For purposes of determining the present values of unfunded postretirement benefit obligations, the annual growth rate in the per capita cost of various components of such medical benefit obligations was assumed to range from 7.5% to 9.5% in the first year, and to decrease gradually for each such component to range from 4.5% to 5.5% by 2003 and to remain at those levels thereafter. The foregoing growth-rate assumption has a significant effect on such determination. To illustrate, increasing such assumed growth rates by one percentage point would increase the present value of unfunded postretirement benefit obligation as of December 31, 1998 by $14 million and the net periodic postretirement benefit expense for 1998 by $1 million. Alternatively, decreasing such assumed growth rates by one percentage point would decrease the present value of unfunded postretirement benefit obligations as of December 31, 1998 by $13 million and the net periodic postretirement benefit expense for 1998 by $1 million.

As permitted under SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," the amortization of any prior service cost is determined using a straight-line amortization of the cost over the average remaining service period of employees expected to receive benefits under the Plan.

12. EQUITY PLAN

The Company has adopted an equity plan intended to provide an equity interest in the Company to key management personnel and thereby provide additional incentives for such persons to devote themselves to the maximum extent practicable to the businesses of the Company and its subsidiaries. The equity plan is administered by the Compensation Committee of the Board of

Directors (the "Compensation Committee"). The Compensation Committee is authorized to grant options, stock appreciation rights and restricted stock to officers and key employees of the Company and its subsidiaries. The equity plan also provides for the award of options to non-employee directors.

Stock option transactions are as follows:

	52 WEEKS ENDED JANUARY 30, 1999		52 WEEKS ENDED JANUARY 31, 1998		52 WEEKS ENDED FEBRUARY 1, 1997	
	SHARES	WEIGHTED AVERAGE OPTION PRICE	SHARES	WEIGHTED AVERAGE OPTION PRICE	SHARES	WEIGHTED AVERAGE OPTION PRICE
	(SHARES IN THOUSANDS)					
Outstanding, beginning of year......	10,825.3	$28.78	9,140.2	$24.65	7,415.7	$20.48
Granted............................	4,592.2	52.49	4,133.7	34.49	3,057.8	33.14
Canceled...........................	(677.5)	35.54	(630.0)	29.51	(403.9)	23.95
Exercised..........................	(1,079.2)	24.96	(1,818.6)	20.80	(929.4)	19.60
Outstanding, end of year............	13,660.8	$36.72	10,825.3	$28.78	9,140.2	$24.65
Exercisable, end of year............	4,590.8	$25.34	3,315.0	$22.56	3,136.8	$20.33
Weighted average fair value of options granted during the year...		$20.67		$14.26		$13.04

The following summarizes information about stock options, which remain outstanding as of January 30, 1999:

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING (THOUSANDS)	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE (THOUSANDS)	WEIGHTED AVERAGE EXERCISE PRICE
$11.63 - 25.00	3,418.8	5.4 years	$20.87	2,946.2	$20.60
25.01 - 40.00	5,811.6	7.8 years	33.96	1,629.7	33.72
40.01 - 79.44	4,430.4	9.2 years	52.57	14.9	46.02

As of January 30, 1999, 6.9 million shares of Common Stock were available for additional grants pursuant to the Company's equity plan, of which 1.2 million shares were available for grant in the form of restricted stock. No shares of Common Stock were granted in the form of restricted stock during the 52 weeks ended January 30, 1999 or February 1, 1997. During the 52 weeks ended January 31, 1998, 30,000 shares of Common Stock were granted in the form of restricted stock at a market value of $34.38 and fully vest after 3 years. Compensation expense is recorded for all restricted stock grants based on the amortization of the fair market value at the time of grant of the restricted stock over the period the restrictions lapse. There have been no grants of stock appreciation rights under the equity plan.

The Company applies Accounting Principles Board Opinion No. 25 and related Interpretations in accounting for compensation cost under its equity plan. Had compensation cost for the Company's equity plan been determined consistent with Statement of Financial Accounting Standards No. 123 for options

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granted subsequent to January 28, 1995, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below:

<TABLE>
<CAPTION>

		52 WEEKS ENDED JANUARY 30, 1999	52 WEEKS ENDED JANUARY 31, 1998	52 WEEKS ENDED FEBRUARY 1, 1997
		(MILLIONS, EXCEPT PER SHARE DATA)		
Net income	As Reported.........	$ 662	$ 536	$ 266
	Pro forma...........	637	521	258
Basic earnings per share	As Reported.........	3.16	2.56	1.28
	Pro forma...........	3.04	2.49	1.24
Diluted earnings per share	As Reported.........	2.96	2.41	1.24
	Pro forma...........	2.85	2.34	1.21

</TABLE>

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions used:

<TABLE>
<CAPTION>

	52 WEEKS ENDED JANUARY 30, 1999	52 WEEKS ENDED JANUARY 31, 1998	52 WEEKS ENDED FEBRUARY 1, 1997
Dividend yield.......................................	-	-	-
Expected volatility.................................	30.6%	29.7%	25.2%
Risk-free interest rate.............................	5.7%	6.8%	6.1%
Expected life.......................................	6 years	6 years	6 years

</TABLE>

13. SHAREHOLDERS' EQUITY

The authorized shares of the Company consist of 125.0 million shares of preferred stock ("Preferred Stock"), par value of $.01 per share, with no shares issued, and 500.0 million shares of Common Stock, par value of $.01 per share, with 242.2 million shares of Common Stock issued and 208.5 million shares of Common Stock outstanding at January 30, 1999 and 239.9 million shares of Common Stock issued and 209.9 million shares of Common Stock outstanding at January 31, 1998 (with shares held in the Company's treasury or by subsidiaries of the Company being treated as issued, but not outstanding).

During 1998, the Board of Directors approved a stock repurchase program that authorizes the Company to purchase up to $1 billion of its common stock through January 29, 2000. Through January 30, 1999, 12.8 million shares of common stock at an aggregate cost of $591 million had been acquired under the repurchase program.

COMMON STOCK

The holders of the Common Stock are entitled to one vote for each share held of record on all matters submitted to a vote of shareholders. Subject to preferential rights that may be applicable to any Preferred Stock, holders of Common Stock are entitled to receive ratably such dividends as may be declared by the Board of Directors out of funds legally available therefor. However, it is not presently anticipated that dividends will be paid on Common Stock in the foreseeable future.

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PREFERRED SHARE PURCHASE RIGHTS

Each share of Common Stock is accompanied by one right (a "Right") issued pursuant to the Share Purchase Rights Agreement between the Company and The Bank of New York, as Rights Agent. Each Right entitles the registered holder thereof to purchase from the Company one one-hundredth of a share of Series A Junior Participating Preferred Stock, par value $.01 per share (the "Series A Preferred Shares"), of the Company at a price (the "Purchase Price") of $62.50 per one one-hundredth of a Series A Preferred Share (subject to adjustment).

In general, the Rights will not become exercisable or transferable apart from the shares of Common Stock with which they were issued unless a person or group of affiliated or associated persons becomes the beneficial owner of, or commences a tender offer that would result in beneficial ownership of, 20% or more of the outstanding shares of Common Stock (any such person or group of persons being referred to as an "Acquiring Person"). Thereafter, under certain circumstances, each Right (other than any Rights that are or were beneficially owned by an Acquiring Person, which Rights will be void) could become exercisable to purchase at the Purchase Price a number of shares of Common Stock having a market value equal to two times the Purchase Price. The Rights will expire on February 4, 2002, unless earlier redeemed by the Company at a redemption price of $.03 per Right (subject to adjustment).

FUTURE STOCK ISSUANCES

The Company is authorized to issue 1.0 million shares of Common Stock (subject to adjustment) upon the exercise of the Company's Series B Warrants, 9.0 million shares of Common Stock (subject to adjustment) upon the exercise of the Company's Series C Warrants, 9.0 million shares of Common Stock (subject to adjustment) upon the exercise of the Company's Series D Warrants and 0.2 million shares of Common Stock (subject to adjustment) upon the exercise of the Company's Series E Warrants. The warrants have the following terms:

<TABLE>
<CAPTION>

	SHARES PER WARRANT	EXERCISE PRICE	EXPIRATION DATE
<S>	<C>	<C>	<C>
Series B......................................	1.047	$35.00	2/15/00
Series C......................................	1.000	25.93	12/19/99
Series D......................................	1.000	29.92	12/19/01
Series E......................................	0.270	17.00	10/08/99

</TABLE>

TREASURY STOCK

Treasury stock contains shares repurchased under the stock repurchase program, shares issued to wholly owned subsidiaries of the Company in connection with an acquisition, shares maintained in a trust related to the deferred compensation plans and shares repurchased to cover employee tax liabilities related to other stock plan activity.

- --
- --

Changes in the number of shares held in the treasury are as follows:

<TABLE>
<CAPTION>

	52 WEEKS ENDED JANUARY 30, 1999	52 WEEKS ENDED JANUARY 31, 1998	52 WEEKS ENDED FEBRUARY 1, 1997
	(THOUSANDS)		
<S>	<C>	<C>	<C>
Balance, beginning of year.....	159.3	84.8	40.8
Additions:			
Repurchase program...........	12,810.1	-	-
Restricted stock............	51.6	70.0	41.9
Deferred compensation plan...	4.1	4.5	2.1
Distributions:			
Issued in conversion of subordinated notes........	(9,205.7)	-	-

Balance, end of year	3,819.4	159.3	84.8

</TABLE>

Additions to treasury stock for restricted stock and the deferred compensation plan represent shares accepted in lieu of cash to cover employee tax liability upon lapse of restrictions for restricted stock and upon distribution of common stock under the deferred compensation plans.

Under the deferred compensation plans, shares are maintained in a trust to cover the number estimated to be needed for distribution on account of stock credits currently outstanding. Changes in the number of shares held in the trust are as follows:

<TABLE>
<CAPTION>

	52 WEEKS ENDED JANUARY 30, 1999	52 WEEKS ENDED JANUARY 31, 1998	52 WEEKS ENDED FEBRUARY 1, 1997
	(THOUSANDS)		
<S>	<C>	<C>	<C>
Balance, beginning of year	378.7	283.5	213.9
Additions	80.0	123.7	90.6
Distributions	(24.2)	(28.5)	(21.0)
Balance, end of year	434.5	378.7	283.5

</TABLE>

14. FINANCIAL INSTRUMENTS AND CONCENTRATIONS OF CREDIT RISK

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and short-term investments

The carrying amount approximates fair value because of the short maturity of these instruments.

Accounts receivable

The carrying amount approximates fair value because of the short average maturity of the instruments, and because the carrying amount reflects a reasonable estimate of losses from doubtful accounts.

Long-term debt

The fair values of the Company's long-term debt, excluding capitalized leases, are estimated based on the quoted market prices for publicly traded debt or by using discounted cash flow analysis, based on the Company's current incremental borrowing rates for similar types of borrowing arrangements.

Interest rate cap agreements

The fair values of the interest rate cap agreements are estimated based on current settlement prices of comparable contracts obtained from dealer quotes.

Interest rate swap agreements

The fair values of the interest rate swap agreements are obtained from dealer quotes. The values represent the estimated amount the Company would pay or receive to terminate the agreements at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

The estimated fair values of certain financial instruments of the Company are as follows:

<TABLE>
<CAPTION>

	JANUARY 30, 1999			JANUARY 31, 1998		
	NOTIONAL AMOUNT	CARRYING AMOUNT	FAIR VALUE	NOTIONAL AMOUNT	CARRYING AMOUNT	FAIR VALUE
	(MILLIONS)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Long-term debt..................	$2,997	$2,996	$3,207	$3,854	$3,853	$4,179
Interest rate cap agreements....	789	-	-	827	-	-
Interest rate swap agreements...	-	-	-	376	-	(2)

</TABLE>

The interest rate cap agreements in effect at January 30, 1999 and January 31, 1998 are used to hedge interest rate risk related to variable rate indebtedness under the Company's Receivables Backed Financings. These interest rate cap agreements are recorded at cost and are amortized on a straight-line basis over the life of the cap.

The interest rate swap agreements in effect at January 31, 1998 were used, in effect, to fix the interest on a portion of the debt outstanding under the Note Monetization and the Revolving Loan Facilities.

Commitments to extend credit under revolving agreements relate primarily to the aggregate unused credit limits and unused lines of credit for the Company's credit plans. These commitments generally can be terminated at the option of the Company. It is unlikely that the total commitment amount will represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of temporary cash investments and trade receivables. The Company places its temporary cash investments in what it believes to be high credit quality financial instruments. Credit risk with respect to trade receivables is concentrated in the geographic regions in which the Company operates stores. Such concentrations, however, are considered to be limited because of the Company's large number of customers and their dispersion across many regions.

15. EARNINGS PER SHARE

The reconciliation of basic earnings per share to diluted earnings per share based on income before extraordinary items is as follows:

<TABLE>
<CAPTION>

	52 WEEKS ENDED JANUARY 30, 1999		52 WEEKS ENDED JANUARY 31, 1998		52 WEEKS ENDED FEBRUARY 1, 1997	
	SHARES	INCOME	SHARES	INCOME	SHARES	INCOME
	(MILLIONS, EXCEPT PER SHARE DATA)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Income before extraordinary items and average number of shares outstanding...........	209.1	$685	209.2	$575	207.5	$266
Shares to be issued under deferred compensation plans........................	.4		.3		.2	
Shares to be issued to IRS.....					.1	
	209.5	$685	209.5	$575	207.8	$266
Basic earnings per share..................	$3.27		$2.74		$1.28	

Effect of dilutive securities:						
Warrants....................	7.4		5.4		2.8	
Stock options................	2.2		2.0		1.6	
Convertible notes............	6.8	7	10.2	10	10.2	11
	-----	----	-----	----	-----	----
	225.9	$692	227.1	$585	222.4	$277
Diluted earnings per share..................	$3.06		$2.58		$1.24	
	=====		=====		=====	

</TABLE>

In addition to the warrants and stock options reflected in the foregoing table, warrants and stock options to purchase 4.7 million, 0.2 million and 3.7 million shares of common stock at prices ranging from $33.13 to $79.44 per share were outstanding at January 30, 1999, January 31, 1998 and February 1, 1997, respectively, but were not included in the computation of diluted earnings per share because the exercise price thereof exceeded the average market price and would have been antidilutive.

16. QUARTERLY RESULTS (UNAUDITED)

Unaudited quarterly results for the 52 weeks ended January 30, 1999 and January 31, 1998, were as follows:

<TABLE>
<CAPTION>

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
	-------	-------	-------	-------
	(MILLIONS, EXCEPT PER SHARE DATA)			
<S>	<C>	<C>	<C>	<C>
52 Weeks Ended January 30, 1999:				
Net sales...	$3,456	$3,523	$3,647	$5,207
Operating income....................................	181	267	257	750
Income before extraordinary item....................	60	107	110	408
Net income..	60	107	87	408
Basic earnings per share:				
Income before extraordinary item.................	.29	.51	.53	1.95
Net income.......................................	.29	.51	.42	1.95
Diluted earnings per share:				
Income before extraordinary item.................	.27	.47	.50	1.88
Net income.......................................	.27	.47	.40	1.88
52 Weeks Ended January 31, 1998:				
Net sales...	$3,409	$3,453	$3,746	$5,060
Operating income....................................	148	212	268	713
Income before extraordinary item....................	24	67	105	379
Net income..	24	28	105	379
Basic earnings per share:				
Income before extraordinary item.................	.12	.32	.50	1.80
Net income.......................................	.12	.13	.50	1.80
Diluted earnings per share:				
Income before extraordinary item.................	.11	.31	.47	1.66
Net income.......................................	.11	.13	.47	1.66

</TABLE>

17. SUBSEQUENT EVENT (UNAUDITED)

On March 18, 1999, the Company acquired Fingerhut Companies, Inc. ("Fingerhut") for a purchase price of $1,700 million, including $297 million of Fingerhut indebtedness. Fingerhut is a database marketing company that sells a broad range of products and services directly to consumers via catalogs, direct marketing and the Internet, with 1998 annual sales in excess of $1,500 million. The Company funded the Fingerhut acquisition through a combination of cash on hand and short-term borrowings. On March 24, 1999, the Company issued $350 million of 6.3% Senior Notes due 2009 and $400 million of 6.9% Senior Debentures due 2029 and used the proceeds thereof to repay a portion of such short-term borrowings. The Fingerhut acquisition will be accounted for as a purchase.

Exhibit 10.44

SEVERANCE AGREEMENT

This SEVERANCE AGREEMENT, dated as of November 1, 1998 (this "Agreement"), is made and entered by and between FEDERATED DEPARTMENT STORES, INC., a Delaware corporation (the "Company"), and (the "Executive").

RECITALS

A. The Executive is a senior executive or key employee of the Company or one or more of its Subsidiaries and has made and is expected to continue to make significant contributions to the profitability, growth, and financial strength of the Company and its Subsidiaries, taken as a whole;

B. The Company recognizes that, as is the case for most publicly held companies, the possibility of a Change in Control (as hereinafter defined) exists;

C. The Company desires to assure itself of both present and future continuity of management and desires to establish certain minimum severance benefits for certain of its senior executive officers and other key employees, including the Executive, applicable in the event of a Change in Control;

D. The Company desires to ensure that its senior executives and other key employees are not practically disabled from discharging their duties in respect of a proposed or actual transaction involving a Change in Control; and

E. The Company desires to provide additional inducement for the Executive to continue to remain in the ongoing employ of the Company.

NOW, THEREFORE, the Company and the Executive agree as follows:

1. CERTAIN DEFINED TERMS: In addition to terms defined elsewhere herein, the following terms have the following meanings when used herein with initial capital letters:

(a) "CHANGE IN CONTROL" means the occurrence during the Term of any of the following events:

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

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

aggregate by the holders of Voting Stock of the Company immediately prior to such sale or transfer;

(iii) There is a report filed on Schedule 13D or Schedule 14D-1 (or any successor schedule, form, or report or item therein), each as promulgated pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), disclosing that any person (as the term "person" is used in Section 13(d)(3) or Section 14(d)(2) of the Exchange Act) has become the beneficial owner (as the term "beneficial owner" is defined under Rule 13d-3 or any successor rule or regulation promulgated under the Exchange Act) of securities representing "25%" or more the of the combined voting power of the Voting Stock of the Company(a "25% holder"), provided, however that no such person will be deemed to constitute a 25% holder by reason of such person's increase in percentage ownership of Voting Stock resulting from repurchases of Voting Stock by the Company or any subsidiary unless thereafter such person purchases or otherwise acquires more than 100,000 additional shares of Voting Stock;

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

(v) If, during any period of two consecutive years, individuals who at the beginning of any such period constitute the directors of the Company cease for any reason to constitute at least a majority thereof; PROVIDED, HOWEVER, that for purposes of this clause (v) the following persons will in all events be deemed to be directors of the Company as of the beginning of the relevant two-year period: each director who is first elected, or first nominated for election by the Company's stockholders, by a vote of at least two-thirds of the directors of the Company (or a committee thereof) then still in office who were directors of the Company at the beginning of the relevant two-year period (including any person deemed to be a director pursuant to the immediately preceding clause (A)).

Notwithstanding the foregoing provisions of Section 1(a)(iii) or 1(a)(iv), unless otherwise determined in a specific case by majority vote of the Board of Directors of the Company (the "Board"), a "Change in Control" will not be deemed to have occurred for purposes of Section 1(a)(iii) or 1(a)(iv) solely because (1) the Company, (2) an entity in which the Company, directly or indirectly, beneficially owns 50% or more of the voting securities (a "Subsidiary"), or (3) any employee stock ownership plan or any other employee benefit plan of the Company or any Subsidiary either files or becomes obligated to file a report or a proxy statement under or in response to Schedule 13D, Schedule 14D-1, Form 8-K, or Schedule 14A (or any successor schedule, form, or report or item therein) under the Exchange Act disclosing beneficial ownership by it of shares of Voting Stock, whether in excess of 25% or otherwise, or because the Company reports that a change in control of the Company has occurred or will occur in the future by reason of such beneficial ownership;

(b) "CAUSE" means that, prior to any termination pursuant to Section 3(b), the Executive shall have committed:

(i) an intentional act of fraud, embezzlement, or theft in connection with the Executive's duties or in the course of the Executive's employment with the Company (if applicable) or any Subsidiary;

(ii) intentional wrongful damage to property of the Company or any Subsidiary;

(iii) intentional wrongful disclosure of secret processes or confidential information of the Company or any Subsidiary; or

(iv) intentional engagement in any Competing Business;

and any such act shall have been materially harmful to the Company and its Subsidiaries, taken as a whole. For purposes of this Agreement, no act or failure to act on the part of the Executive will be deemed "intentional" if it was due primarily to an error in judgment or negligence, but will be deemed "intentional" only if done or omitted to be done by the Executive not in good faith and without reasonable belief that the Executive's act or omission was in the best interest of the Company and its Subsidiaries, taken as a whole.

Notwithstanding the foregoing, the Executive will not be deemed to have been terminated for "Cause" hereunder unless and until there has been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the Board then in office at a meeting of the Board called and held for such purpose, after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel (if the Executive chooses to have counsel present at such meeting), to be heard before the Board, finding that, in the good faith opinion of the Board, the Executive had committed an act constituting "Cause" as herein defined and specifying the particulars thereof in detail. Nothing herein will limit the right of the Executive or the Executive's beneficiaries to contest the validity or propriety of any such determination;

(c) "COMPETING BUSINESS" means any investment by the Executive of $100,000 or more in, or the rendering by the Executive of any personal services to, any business enterprise engaged in the general merchandise department store business which (i) at the time of determination is substantially similar to the whole or a substantial part of the business conducted by the Company or any of its divisions or Subsidiaries or other affiliates, (ii) at the time of determination is operating a store or stores which, during its or their fiscal year preceding the determination, had aggregate net sales, including sales in leased and licensed departments, in excess of $10,000,000, if such store or any of such stores is or are located in a city or within a radius of 25 miles from outer limits of a city where the Company, or any of its divisions of Subsidiaries or other affiliates, is operating a store or stores which, during its or their fiscal year preceding the determination, had aggregate net sales, including sales in leased and licensed departments, in excess of $10,000,000, and (iii) had aggregate net sales at all its locations, including sales in leased and licensed departments and sales by its divisions and Subsidiaries and other affiliates, during its effect, whether or not cause exists. For purposes of this Section 1(g), the Executive fiscal year preceding that in which the Executive made such an investment therein, or first rendered personal services thereto, in excess or $100,000,000;

(d) "EMPLOYEE BENEFITS" means the perquisites, benefits, and service credit for benefits as provided under any and all employee retirement income and welfare benefit policies,

plans, programs, or arrangements in which the Executive is entitled to participate, including without limitation any stock option, stock purchase, stock appreciation, savings, pension, supplemental executive retirement, or other retirement income or welfare benefit, deferred compensation, incentive compensation, group or other life, health, medical/hospital, or other insurance (whether funded by actual insurance or self-insured by the Company), disability, salary continuation, expense reimbursement, and other employee benefit policies, plans, programs, or arrangements that may now exist or any equivalent successor policies, plans, programs, or arrangements that may be adopted hereinafter by the Company or any Subsidiary, providing perquisites, benefits, and service credit for benefits at least as great in the aggregate as are payable thereunder prior to a Change in Control;

(e) "SEVERANCE BENEFIT" means an amount equal to (i) the product of (A) two and (B) the sum of (1) the Executive's annualized base salary rate as of the date of the first event constituting a Change in Control or, if higher, the Executive's highest base salary received for any year in the three full calendar years immediately preceding the first event constituting a Change in Control and (2) the Executive's targeted annual bonus as of the date of the first event constituting a Change in Control or, if higher, the Executive's highest annual bonus received for any year in the three full calendar years immediately preceding the first event constituting a Change of Control, minus (ii) the amount of all cash payments actually received or to be received by the Executive following the Termination Date which became due by virtue of the Executive's termination of employment and are therefore in the nature of severance payments under any other employment, retention, severance, or similar agreement with the Company or any Subsidiary to which the Executive is a party or any severance pay plan of the Company or any Subsidiary in which the Executive is a participant;

(f) "SEVERANCE PERIOD" means the period of time commencing on the date of the first occurrence of a Change in Control and continuing until the earliest of (i) the expiration of three years after the first occurrence of a Change in Control, (ii) the Executive's death, and (iii) the Executive's attainment of age 65;

(g) "TERM" means the period commencing as of the date hereof and expiring as of the later of (i) the close of business on the fourth anniversary of the date hereof or (ii) the expiration of the Severance Period; PROVIDED, HOWEVER, that if, prior to a Change in Control, the Executive ceases for any reason to be an employee of the Company or any Subsidiary, thereupon, without further action and except as provided for in Section 8, the Term will be deemed to have expired and this Agreement will immediately terminate and be of no further effect, whether or not cause exists. For purposes of this section 1(g), the Executive will not be deemed to have ceased to be an employee of the Company or any Subsidiary by reason of the transfer of the Executive's employment between the Company and any Subsidiary, or among any Subsidiaries. Notwithstanding the foregoing or any other provision of the Agreement, for purpose of determining the period of continuation coverage to which the Executive or any of his dependents is entitled pursuant to Section 4980B of the Code (as defined below) (or any successor provisions thereto) under the Company's medical, dental, and other group health plans, or successor plans, the Executive's "qualifying event", subject to the requirements of applicable plans, will be the termination of the two-year employee benefits continuation period and the Executive will be considered to have remained actively employed on a full time basis through that date.

(h) "TERMINATION DATE" means (i) the date on which the Executive's employment is terminated by the Company or any Subsidiary or (ii) the date on which the Executive terminates his or her employment pursuant to Section 3(b).

2. OPERATION OF AGREEMENT: This Agreement will be effective and binding immediately upon its execution, but, notwithstanding anything in this Agreement to the contrary, will not be operative unless and until a Change in Control occurs, whereupon without further action this Agreement will become immediately operative.

3. TERMINATION FOLLOWING A CHANGE IN CONTROL:

(a) In the event of the occurrence of a Change in Control, the Executive's employment may be terminated by the Company during the Severance Period without the Executive becoming entitled to the benefits provided by Section 4 only upon the occurrence of one or more of the following events:

(i) The Executive's death;

(ii) The Executive becoming permanently disabled within the meaning of, and beginning actually to receive disability benefits pursuant to, the long-term disability plan of the Company or any Subsidiary in effect for, or applicable to, the Executive immediately prior to the Change in Control; or

(iii) Cause.

If the Executive's employment is terminated by the Company or any Subsidiary during the Severance Period, other than pursuant to Section 3(a)(i), 3(a)(ii), or 3(a)(iii), the Executive will be entitled to the benefits provided by Section 4.

(b) On or after the commencement of the Severance Period, if one or more of the following events (regardless of whether any other reason, other than Cause as hereinabove provided, for termination exists or has occurred, including without limitation the Executive's acceptance and/or commencement of other employment) occurs, the Executive may terminate the Executive's employment with the Company and/or any Subsidiary and become entitled to the benefits provided by Section 4:

(i) The failure to elect or reelect or otherwise to maintain the Executive in the office or the position, or a substantially equivalent office or position, of or with the Company and/or any Subsidiary, as the case may be, which the Executive held immediately prior to a Change in Control, or the removal of the Executive as a director of the Company (or any successor thereto) if the Executive had been a director of the Company immediately prior to the Change in Control;

(ii) A significant adverse change in the nature or scope of the authorities, powers, functions, responsibilities, or duties attached to the position with the Company and/or any Subsidiary which the Executive held immediately prior to the Change in Control, a reduction in the aggregate amount of the Executive's combined base pay and incentive

pay receivable from the Company and its Subsidiaries, taken as a whole, or the termination or denial of the Executive's rights to Employee Benefits or a reduction in the scope or value thereof, except for any such termination or denial, or reduction in the scope or value, of any Employee Benefits applicable generally to all recipients of or participants in such Employee Benefits;

(iii) A determination by the Executive (which determination will be conclusive and binding upon the parties hereto provided it has been made in good faith and in all events will be presumed to have been made in good faith unless otherwise shown by the Company by clear and convincing evidence) that a change in circumstances has occurred following a Change in Control, including without limitation a change in the scope of the business or other activities for which the Executive was responsible immediately prior to the Change in Control, which has rendered the Executive substantially unable to carry out, has substantially hindered the Executive's performance of, or has caused the Executive to suffer a substantial reduction in, any of the authorities, powers, functions, responsibilities, or duties attached to the position held by the Executive immediately prior to the Change in Control, which situation is not remedied within 10 calendar days after written notice to the Company from the Executive of such determination;

(iv) The liquidation, dissolution, merger, consolidation, or reorganization of the Company or transfer of all or substantially all of its business and/or assets, unless the successor or successors (by liquidation, merger, consolidation, reorganization, transfer, or otherwise) to which all or substantially all of the Company's business and/or assets have been transferred (directly or by operation of law) shall have assumed all duties and obligations of the Company under this Agreement pursuant to Section 10(a);

(v) The Company requires the Executive to have the Executive's principal location of work changed to any location which is in excess of 25 miles from the location thereof immediately prior to the Change in Control, or requires the Executive to travel away from the Executive's office in the course of discharging the Executive's responsibilities or duties hereunder at least 20% more (in terms of aggregate days in any calendar year or in any calendar quarter when annualized for purposes of comparison to any prior year) than was required of the Executive in any of the three full calendar years immediately prior to the Change in Control without, in either case, the Executive's prior written consent; and/or

(vi) Without limiting the generality or effect of the foregoing, any material breach of this Agreement by the Company or any successor thereto.

(c) A termination by the Company pursuant to Section 3(a) or by the Executive pursuant to Section 3(b) will not affect any rights which the Executive may have pursuant to any other agreement, policy, plan, program, or arrangement of the Company or any Subsidiary providing Employee Benefits (except as provided in Section 4(a)), which rights will be governed by the terms thereof.

(4) SEVERANCE COMPENSATION: (a) If, following the occurrence of a Change in Control, the Company or any Subsidiary terminates the Executive's employment during the Severance Period other than pursuant to Section 3(a), or if the Executive terminates the Executive's employment pursuant to Section 3(b), the Company will pay to the Executive the

Severance Benefit in immediately available funds, in United States dollars, within five business days after the Termination Date. In addition, for a period of two years following the Termination Date, the Company will arrange to provide the Executive Employee Benefits that are welfare benefits (but not stock option, stock purchase, stock appreciation, or similar compensatory benefits) substantially similar to those which the Executive was receiving or entitled to receive immediately prior to the Termination Date (or, if greater, immediately prior to the reduction, termination, or denial described in Section 3(b)(ii)), except that the level of any such Employee Benefits to be provided to the Executive may be reduced in the event of a corresponding reduction applicable to generally all recipients of or participants in such Employee Benefits, and an additional period of two years will be considered service with the Company and its Subsidiaries for the purpose of determining service credits and benefits due and payable to the Executive under the Company's retirement income, supplemental executive retirement, and other benefit plans of the Company applicable to the Executive, the Executive's dependents, or the Executive's beneficiaries immediately prior to the Termination Date. If and to the extent that any benefit described in the immediately preceding sentence is not or cannot be paid or provided under any policy, plan, program, or arrangement of the Company or any Subsidiary, as the case may be, then the Company will itself pay or provide for the payment of such Employee Benefits to the Executive, and, if applicable, the Executive's dependents and beneficiaries. Without otherwise limiting the purposes or effect of Section 5, Employee Benefits otherwise receivable by the Executive pursuant to this Section 4(a) will be reduced to the extent comparable welfare benefits are actually received by the Executive from another employer during the Severance Period following the Executive's Termination Date.

(b) There will be no right of set-off or counterclaim in respect of any claim, debt, or obligation against any payment to or benefit for the Executive provided for in this Agreement, except as expressly provided in the last sentence of Section 4(a).

(c) Without limiting the rights of the Executive at law or in equity, if the Company fails to make any payment or provide any benefit required to be made or provided hereunder on a timely basis, the Company will pay interest on the amount or value thereof at an annualized rate of interest equal to 1.25 times the so-called composite "prime rate" as quoted from time to time during the relevant period in the Midwest Edition of THE WALL STREET JOURNAL. Such interest will be payable as it accrues on demand. Any change in such prime rate will be effective on and as of the date of such change.

(d) Notwithstanding anything to the contrary contained in this Agreement or in the 1995 Incentive Bonus Plan, as amended, of the Company (the "Bonus Plan"), if, following the occurrence of a Change in Control, the Company terminates the Executive's employment during the Severance Period other than pursuant to Section 3(a), or if the Executive terminates the Executive's employment pursuant to Section 3(b), the Executive will be entitled to an additional payment in the amount of the Executive's Long-Term Incentive Awards (as defined in the Bonus Plan), in lieu of any other Long-Term Incentive Award under the Bonus Plan, (a) calculated as if the Executive's Operating Unit (as defined in the Bonus Plan) and the Executive (if applicable) had achieved 100% of its or his Performance Goals (as defined in the Bonus Plan) and (b) prorated on the basis of the ratio of the number of months of the Executive's participation during the Performance Period (as defined in the Bonus Plan) to which the Long-Term Incentive Award related to the aggregate number of months in such Performance Period.

(e) Notwithstanding anything to the contrary contained in this Agreement, the parties' respective rights and obligations under this Section 4 and under Sections 7 and the last sentence of Section 8 will survive any termination or expiration of this Agreement following a Change in Control or the termination of the Executive's employment following a Change in Control for any reason whatsoever.

(f) Notwithstanding anything to the contrary contained in this Agreement, in the 1992 Executive Equity Incentive Plan of the Company or any similar or successor plan (an "Equity Plan"), or in any agreement evidencing a grant made pursuant to any Equity Plan, immediately upon the occurrence of a

Change in Control, (i) any rights theretofore granted to the Executive to purchase stock in the Company upon the exercise of an option, and any corresponding appreciation rights, will become exercisable in full and (ii) any risks of forfeiture and prohibitions or restrictions on transfer pertaining to any restricted shares theretofore granted to the Executive will lapse.

(5) NO MITIGATION OBLIGATION: The Company hereby acknowledges that it will be difficult and may be impossible (a) for the Executive to find reasonably comparable employment following the Termination Date and (b) to measure the amount of damages which the Executive may suffer as a result of termination of employment hereunder. Accordingly, the payment of the severance compensation to the Executive in accordance with the terms of this Agreement is hereby acknowledged by the Company to be reasonable and will be liquidated damages, and the Executive will not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise, nor will any profits, income, earnings, or other benefits from any source whatsoever create any mitigation, offset, reduction, or any other obligation on the part of the Executive hereunder or otherwise, except as expressly provided in the last sentence of Section 4(a).

(6) LIMITATION ON PAYMENTS AND BENEFITS: Notwithstanding anything to the contrary contained in this Agreement, if, after taking into account all amounts or benefits otherwise to be paid or payable, any amount or benefit to be paid or provided under this Agreement would be an "Excess Parachute Payment," within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), or any successor provision thereto, but for the application of this sentence, then the payments and benefits to be so paid or provided under this Agreement will be reduced to the minimum extent necessary (but in no event to less than zero) so that no portion of any such payment or benefit, as so reduced, constitutes an Excess Parachute Payment; provided, however, that the foregoing reduction will be made only if and to the extent that such reduction would result in an increase in the aggregate payments and benefits to be provided, determined on an after-tax basis (taking into account the excise tax imposed pursuant to Section 4999 of the Code, or any successor provision thereto, any tax imposed by any comparable provision of state law, and any applicable federal, state, and local income taxes). The determination of whether any reduction in such payments or benefits to be provided under this Agreement is required pursuant to the preceding sentence will be made at the expense of the Company, if requested by the Executive or the Company, by the Company's independent accountants. The fact that the Executive's right to payments or benefits may be reduced by reason of the limitations contained in this Section 6 will not of itself limit or otherwise affect any other rights of the Executive other than pursuant to this Agreement. In the event that any

payment or benefit intended to be provided under this Agreement or otherwise is required to be reduced pursuant to this Section 6, the Executive will be entitled to designate the payments and/or benefits to be so reduced in order to give effect to this Section 6. The Company will provide the Executive all information reasonably requested by the Executive to permit the Executive to make such designation. In the event that the Executive fails to make such designation within 10 business days of the Termination Date, the Company may effect such reduction in any manner it deems appropriate.

(7) LEGAL FEES AND EXPENSES; SECURITY: It is the intent of the Company that the Executive not be required to incur legal fees and the related expenses associated with the interpretation, enforcement, or defense of the Executive's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Executive hereunder. Accordingly, if it should appear to the Executive that the Company has failed to comply with any of its obligations under this Agreement or in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or proceeding designed to deny, or to recover from, the Executive the benefits provided or intended to be provided to the Executive hereunder, the Company irrevocably authorizes the Executive from time to time to retain counsel of the Executive's choice, at the expense of the Company as hereinafter provided, to advise and represent the Executive in connection with any such interpretation, enforcement, or defense, including without limitation the initiation or defense of any litigation or other legal action, whether by or against the Company or any Director, officer, stockholder, or other person affiliated with the Company, in any jurisdiction.

Notwithstanding any existing or prior attorney-client relationship between the Company and such counsel, the Company irrevocably consents to the Executive's entering into an attorney-client relationship with such counsel, and in that connection the Company and the Executive agree that a confidential relationship will exist between the Executive and such counsel. Without regard to whether the Executive prevails, in whole or in part, in connection with any of the foregoing, the Company will pay and be solely financially responsible for any and all attorneys' and related fees and expenses incurred by the Executive in connection with any of the foregoing.

(8) EMPLOYMENT RIGHTS; TERMINATION PRIOR TO CHANGE IN CONTROL: Nothing expressed or implied in this Agreement will create any right or duty on the part of the Company or the Executive to have the Executive remain in the employ of the Company or any Subsidiary prior to or following any Change in Control. Any termination of the employment of the Executive or the removal of the Executive from any office or position in the Company or any Subsidiary following the commencement of any discussion with a third person that results in a Change in Control within 60 calendar days after such termination or removal will be deemed to be a termination or removal of the Executive after a Change in Control for purposes of this Agreement.

(9) WITHHOLDING OF TAXES: The Company may withhold from any amounts payable under this Agreement all federal, state, city, or other taxes that the Company is required to withhold pursuant to any law or government regulation or ruling.

(10) SUCCESSORS AND BINDING AGREEMENT:

(a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization, or otherwise) to all or substantially all of the business or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly to assume and agree to perform this Agreement in the same manner and to the same extent the Company would be required to perform if no such succession had taken place. This Agreement will be binding upon and inure to the benefit of the Company and any successor to the Company, including without limitation any person acquiring directly or indirectly all or substantially all of the business or assets of the Company whether by purchase, merger, consolidation, reorganization, or otherwise (and such successor will thereafter be deemed the "Company" for the purposes of this Agreement), but will not otherwise be assignable, transferable, or delegatable by the Company, except to a Subsidiary.

(b) This Agreement will inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, and legatees.

(c) This Agreement is personal in nature and neither of the parties hereto will, without the consent of the other, assign, transfer, or delegate this Agreement or any rights or obligations hereunder except as expressly provided in Sections 10(a) and 10(b). Without limiting the generality or effect of the foregoing, the Executive's right to receive payments hereunder will not be assignable, transferable, or delegatable, whether by pledge, creation of a security interest, or otherwise, other than by a transfer by the Executive's will or by the laws of descent and distribution and, in the event of any attempted assignment or transfer contrary to this Section 10(c), the Company will have no liability to pay any amount so attempted to be assigned, transferred, or delegated.

11. NOTICES: For all purposes of this Agreement, all communications, including without limitation notices, consents, requests, or approvals, required or permitted to be given hereunder will be in writing and will be deemed to have been duly given when hand delivered or dispatched by electronic facsimile transmission (with receipt thereof orally confirmed), or five calendar days after having been mailed by United States registered or certified mail, return receipt requested, postage prepaid, or one business day after having been sent for next-day delivery by a nationally recognized overnight courier service such as Federal Express, UPS, or Purolator, addressed to the Company (to the attention of the Secretary of the Company) at its principal executive office and to the Executive at the Executive's principal residence as shown in the Company's most current records, or to such other address as any party may have furnished to the other in writing and in accordance herewith, except that

notices of changes of address will be effective only upon receipt.

12. GOVERNING LAW: The validity, interpretation, construction, and performance of this Agreement will be governed by and construed in accordance with the substantive laws of the State of Delaware, without giving effect to the principles of conflict of laws of such State.

13. VALIDITY: If any provision of this Agreement or the application of any provision hereof to any person or circumstance is held invalid, unenforceable, or otherwise illegal, the remainder of this Agreement and the application of such provision to any other person or circumstance will not be affected, and the provision so held to be invalid, unenforceable, or

otherwise illegal will be reformed to the extent (and only to the extent) necessary to make it enforceable, valid, or legal.

14. MISCELLANEOUS: No provision of this Agreement may be waived, modified, or discharged unless such waiver, modification, or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto or compliance with any condition or provision of this Agreement to be performed by such other party will be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, expressed or implied with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. References to Sections are to references to Sections of this Agreement.

15. COUNTERPARTS: This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same agreement.

16. OTHER BENEFITS: Except as provided in Section 4(d), neither the provisions of this Agreement nor the severance compensation, benefits, and other payments provided for hereunder will reduce or increase any amounts otherwise payable, or in any other way affect the Executive's rights as an employee of the Company, whether existing now or hereafter, under any other agreement or any benefit, incentive, retirement, stock option, stock bonus, stock purchase, or other plan, program, or arrangement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered as of the date first above written.

FEDERATED DEPARTMENT STORES, INC.

By: ______________________________
Name: ______________________________
Title: ______________________________

[Name of Executive]

Exhibit 10.45

SECOND AMENDED AND RESTATED SEVERANCE AGREEMENT

This SECOND AMENDED AND RESTATED SEVERANCE AGREEMENT, dated as of November 1, 1998 (this "Agreement"), is made and entered by and between FEDERATED DEPARTMENT STORES, INC., a Delaware corporation (the "Company"), and Dennis Broderick (the "Executive").

RECITALS

A. The Executive is a senior executive or key employee of the Company or one or more of its Subsidiaries and has made and is expected to continue to make significant contributions to the profitability, growth, and financial strength of the Company and its Subsidiaries, taken as a whole;

B. The Company recognizes that, as is the case for most publicly held companies, the possibility of a Change in Control (as hereinafter defined) exists;

C. The Company desires to assure itself of both present and future continuity of management and desires to establish certain minimum severance benefits for certain of its senior executive officers and other key employees, including the Executive, applicable in the event of a Change in Control;

D. The Company desires to ensure that its senior executives and other key employees are not practically disabled from discharging their duties in respect of a proposed or actual transaction involving a Change in Control; and

E. The Company desires to provide additional inducement for the Executive to continue to remain in the ongoing employ of the Company.

NOW, THEREFORE, the Company and the Executive agree as follows:

1. CERTAIN DEFINED TERMS: In addition to terms defined elsewhere herein, the following terms have the following meanings when used herein with initial capital letters:

(a) "CHANGE IN CONTROL" means the occurrence during the Term of any of the following events:

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

(ii) The Company sells or otherwise transfers all or substantially all of its assets to another corporation or other legal entity and, as a result of or immediately following

such sale or transfer, less than a majority of the combined voting power of the then-outstanding securities of such other corporation or entity immediately after such sale or transfer is held in the aggregate by the holders of Voting Stock of the Company immediately prior to such sale or transfer;

(iii) There is a report filed on Schedule 13D or Schedule 14D-1 (or any successor schedule, form, or report or item therein), each as promulgated pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), disclosing that any person (as the term "person" is used in Section 13(d)(3) or Section 14(d)(2) of the Exchange Act) has become the beneficial owner (as the term "beneficial owner" is defined under Rule 13d-3 or any successor rule or regulation promulgated under the Exchange Act) of securities representing "25%" or more the of the combined voting power of the Voting Stock of the Company(a "25% holder"), provided, however that no such person will be deemed to constitute a 25% holder by reason of such person's increase in percentage ownership of Voting Stock resulting from repurchases of Voting Stock by the Company or any subsidiary unless thereafter such person purchases or otherwise acquires more than 100,000 additional shares of Voting Stock;

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

(v) If, during any period of two consecutive years, individuals who at the beginning of any such period constitute the directors of the Company cease for any reason to constitute at least a majority thereof; PROVIDED, HOWEVER, that for purposes of this clause (v) the following persons will in all events be deemed to be directors of the Company as of the beginning of the relevant two-year period: each director who is first elected, or first nominated for election by the Company's stockholders, by a vote of at least two-thirds of the directors of the Company (or a committee thereof) then still in office who were directors of the Company at the beginning of the relevant two-year period (including any person deemed to be a director pursuant to the immediately preceding clause (A)).

Notwithstanding the foregoing provisions of Section 1(a)(iii) or 1(a)(iv), unless otherwise determined in a specific case by majority vote of the Board of Directors of the Company (the "Board"), a "Change in Control" will not be deemed to have occurred for purposes of Section 1(a)(iii) or 1(a)(iv) solely because (1) the Company, (2) an entity in which the Company, directly or indirectly, beneficially owns 50% or more of the voting securities (a "Subsidiary"), or (3) any employee stock ownership plan or any other employee benefit plan of the Company or any Subsidiary either files or becomes obligated to file a report or a proxy statement under or in response to Schedule 13D, Schedule 14D-1, Form 8-K, or Schedule 14A (or any successor schedule, form, or report or item therein) under the Exchange Act disclosing beneficial ownership by it of shares of Voting Stock, whether in excess of 25% or otherwise, or because the Company reports that a change in control of the Company has occurred or will occur in the future by reason of such beneficial ownership;

(b) "CAUSE" means that, prior to any termination pursuant to Section 3(b), the Executive shall have committed:

(i) an intentional act of fraud, embezzlement, or theft in connection with the Executive's duties or in the course of the Executive's employment with the Company (if applicable) or any Subsidiary;

(ii) intentional wrongful damage to property of the Company or any Subsidiary;

(iii) intentional wrongful disclosure of secret processes or confidential information of the Company or any Subsidiary; or

(iv) intentional engagement in any Competing Business;

and any such act shall have been materially harmful to the Company and its Subsidiaries, taken as a whole. For purposes of this Agreement, no act or failure to act on the part of the Executive will be deemed "intentional" if it was due primarily to an error in judgment or negligence, but will be deemed "intentional" only if done or omitted to be done by the Executive not in good faith and without reasonable belief that the Executive's act or omission was in the best interest of the Company and its Subsidiaries, taken as a whole. Notwithstanding the foregoing, the Executive will not be deemed to have been terminated for "Cause" hereunder unless and until there has been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the Board then in office at a meeting of the Board called and held for such purpose, after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel (if the Executive chooses to have counsel present at such meeting), to be heard before the Board, finding that, in the good faith opinion of the Board, the Executive had committed an act constituting "Cause" as herein defined and specifying the particulars thereof in detail. Nothing herein will limit the right of the Executive or the Executive's beneficiaries to contest the validity or propriety of any such determination;

(c) "COMPETING BUSINESS" means any investment by the Executive of $100,000 or more in, or the rendering by the Executive of any personal services to, any business enterprise engaged in the general merchandise department store business which (i) at the time of determination is substantially similar to the whole or a substantial part of the business conducted by the Company or any of its divisions or Subsidiaries or other affiliates, (ii) at the time of determination is operating a store or stores which, during its or their fiscal year preceding the determination, had aggregate net sales, including sales in leased and licensed departments, in excess of $10,000,000, if such store or any of such stores is or are located in a city or within a radius of 25 miles from outer limits of a city where the Company, or any of its divisions of Subsidiaries or other affiliates, is operating a store or stores which, during its or their fiscal year preceding the determination, had aggregate net sales, including sales in leased and licensed departments, in excess of $10,000,000, and (iii) had aggregate net sales at all its locations, including sales in leased and licensed departments and sales by its divisions and Subsidiaries and other affiliates, during its effect, whether or not cause exists. For purposes of this Section 1(g), the Executive fiscal year preceding that in which the Executive made such an investment therein, or first rendered personal services thereto, in excess or $100,000,000;

(d) "EMPLOYEE BENEFITS" means the perquisites, benefits, and service credit for benefits as provided under any and all employee retirement income and welfare benefit policies, plans, programs, or arrangements in which the Executive is entitled to participate, including without limitation any stock option, stock purchase, stock appreciation, savings, pension, supplemental executive retirement, or other retirement income or welfare benefit, deferred compensation, incentive compensation, group or other life, health, medical/hospital, or other insurance (whether funded by actual insurance or self-insured by the Company), disability, salary continuation, expense reimbursement, and other employee benefit policies, plans, programs, or arrangements that may now exist or any equivalent successor policies, plans, programs, or arrangements that may be adopted hereinafter by the Company or any Subsidiary, providing perquisites, benefits, and service credit for benefits at least as great in the aggregate as are payable thereunder prior to a Change in Control;

(e) "SEVERANCE BENEFIT" means an amount equal to (i) the product of (A) three and (B) the sum of (1) the Executive's annualized base salary rate as of the date of the first event constituting a Change in Control or, if higher, the Executive's highest base salary received for any year in the three full calendar years immediately preceding the first event constituting a Change in Control and (2) the Executive's targeted annual bonus as of the date of the first event constituting a Change in Control or, if higher, the Executive's highest annual bonus received for any year in the three full calendar years immediately preceding the first event constituting a Change of Control, minus (ii) the amount of all cash payments actually received or to be received by the Executive following the Termination Date which became due by virtue of the Executive's termination of employment and are therefore in the nature of severance payments under any other employment, retention, severance, or similar agreement with the Company or any Subsidiary to which the Executive is a party or any severance pay plan of the Company or any Subsidiary in which the Executive is a participant;

(f) "SEVERANCE PERIOD" means the period of time commencing on the date of the first occurrence of a Change in Control and continuing until the earliest of (i) the expiration of three years after the first occurrence of a Change in Control, (ii) the Executive's death, and (iii) the Executive's attainment of age 65;

(g) "TERM" means the period commencing as of the date hereof and expiring as of the later of (i) the close of business on the fourth anniversary of the date hereof or (ii) the expiration of the Severance Period;

PROVIDED, HOWEVER, that if, prior to a Change in Control, the Executive ceases for any reason to be an employee of the Company or any Subsidiary, thereupon, without further action and except as provided for in Section 8, the Term will be deemed to have expired and this Agreement will immediately terminate and be of no further effect, whether or not cause exists. For purposes of this section 1(g), the Executive will not be deemed to have ceased to be an employee of the Company or any Subsidiary by reason of the transfer of the Executive's employment between the Company and any Subsidiary, or among any Subsidiaries. Notwithstanding the foregoing or any other provision of the Agreement, for purpose of determining the period of continuation coverage to which the Executive or any of his dependents is entitled pursuant to Section 4980B of the Code (as defined below) (or any successor provisions thereto) under the Company's medical, dental, and other group health plans, or successor plans, the Executive's "qualifying event", subject to the requirements of applicable plans, will be the

termination of the two-year employee benefits continuation period and the Executive will be considered to have remained actively employed on a full time basis through that date.

(h) "TERMINATION DATE" means (i) the date on which the Executive's employment is terminated by the Company or any Subsidiary or (ii) the date on which the Executive terminates his or her employment pursuant to Section 3(b).

2. OPERATION OF AGREEMENT: This Agreement will be effective and binding immediately upon its execution, but, notwithstanding anything in this Agreement to the contrary, will not be operative unless and until a Change in Control occurs, whereupon without further action this Agreement will become immediately operative.

3. TERMINATION FOLLOWING A CHANGE IN CONTROL:

(a) In the event of the occurrence of a Change in Control, the Executive's employment may be terminated by the Company during the Severance Period without the Executive becoming entitled to the benefits provided by Section 4 only upon the occurrence of one or more of the following events:

(i) The Executive's death;

(ii) The Executive becoming permanently disabled within the meaning of, and beginning actually to receive disability benefits pursuant to, the long-term disability plan of the Company or any Subsidiary in effect for, or applicable to, the Executive immediately prior to the Change in Control; or

(iii) Cause.

If the Executive's employment is terminated by the Company or any Subsidiary during the Severance Period, other than pursuant to Section 3(a)(i), 3(a)(ii), or 3(a)(iii), the Executive will be entitled to the benefits provided by Section 4.

(b) On or after the commencement of the Severance Period, if one or more of the following events (regardless of whether any other reason, other than Cause as hereinabove provided, for termination exists or has occurred, including without limitation the Executive's acceptance and/or commencement of other employment) occurs, the Executive may terminate the Executive's employment with the Company and/or any Subsidiary and become entitled to the benefits provided by Section 4:

(i) The failure to elect or reelect or otherwise to maintain the Executive in the office or the position, or a substantially equivalent office or position, of or with the Company and/or any Subsidiary, as the case may be, which the Executive held immediately prior to a Change in Control, or the removal of the Executive as a director of the Company (or any successor thereto) if the Executive had been a director of the Company immediately prior to the Change in Control;

(ii) A significant adverse change in the nature or scope of the authorities, powers, functions, responsibilities, or duties attached to the position with the Company and/or any Subsidiary which the Executive held immediately prior to the Change in Control, a reduction in the aggregate amount of the Executive's combined base pay and incentive pay receivable from the Company and its Subsidiaries, taken as a whole, or the termination or denial of the Executive's rights to Employee Benefits or a reduction in the scope or value thereof, except for any such termination or denial, or reduction in the scope or value, of any Employee Benefits applicable generally to all recipients of or participants in such Employee Benefits;

(iii) A determination by the Executive (which determination will be conclusive and binding upon the parties hereto provided it has been made in good faith and in all events will be presumed to have been made in good faith unless otherwise shown by the Company by clear and convincing evidence) that a change in circumstances has occurred following a Change in Control, including without limitation a change in the scope of the business or other activities for which the Executive was responsible immediately prior to the Change in Control, which has rendered the Executive substantially unable to carry out, has substantially hindered the Executive's performance of, or has caused the Executive to suffer a substantial reduction in, any of the authorities, powers, functions, responsibilities, or duties attached to the position held by the Executive immediately prior to the Change in Control, which situation is not remedied within 10 calendar days after written notice to the Company from the Executive of such determination;

(iv) The liquidation, dissolution, merger, consolidation, or reorganization of the Company or transfer of all or substantially all of its business and/or assets, unless the successor or successors (by liquidation, merger, consolidation, reorganization, transfer, or otherwise) to which all or substantially all of the Company's business and/or assets have been transferred (directly or by operation of law) shall have assumed all duties and obligations of the Company under this Agreement pursuant to Section 10(a);

(v) The Company requires the Executive to have the Executive's principal location of work changed to any location which is in excess of 25 miles from the location thereof immediately prior to the Change in Control, or requires the Executive to travel away from the Executive's office in the course of discharging the Executive's responsibilities or duties hereunder at least 20% more (in terms of aggregate days in any calendar year or in any calendar quarter when annualized for purposes of comparison to any prior year) than was required of the Executive in any of the three full calendar years immediately prior to the Change in Control without, in either case, the Executive's prior written consent; and/or

(vi) Without limiting the generality or effect of the foregoing, any material breach of this Agreement by the Company or any successor thereto.

(c) A termination by the Company pursuant to Section 3(a) or by the Executive pursuant to Section 3(b) will not affect any rights which the Executive may have pursuant to any other agreement, policy, plan, program, or arrangement of the Company or any Subsidiary providing Employee Benefits (except as provided in Section 4(a)), which rights will be governed by the terms thereof.

(4) SEVERANCE COMPENSATION: (a) If, following the occurrence of a Change in Control, the Company or any Subsidiary terminates the Executive's employment during the Severance Period other than pursuant to Section 3(a), or if the Executive terminates the Executive's employment pursuant to Section 3(b), the Company will pay to the Executive the Severance Benefit in immediately available funds, in United States dollars, within five business days after the Termination Date. In addition, for a period of three years following the Termination Date, the Company will arrange to provide the Executive Employee Benefits that are welfare benefits (but not stock option, stock purchase, stock appreciation, or similar compensatory benefits) substantially similar to those which the Executive was receiving or entitled to receive immediately prior to the Termination Date (or, if greater, immediately prior to the reduction, termination, or denial described in Section 3(b)(ii)), except that the level of any such Employee Benefits to be provided to the Executive may be reduced in the

event of a corresponding reduction applicable to generally all recipients of or participants in such Employee Benefits, and an additional period of three years will be considered service with the Company and its Subsidiaries for the purpose of determining service credits and benefits due and payable to the Executive under the Company's retirement income, supplemental executive retirement, and other benefit plans of the Company applicable to the Executive, the Executive's dependents, or the Executive's beneficiaries immediately prior to the Termination Date. If and to the extent that any benefit described in the immediately preceding sentence is not or cannot be paid or provided under any policy, plan, program, or arrangement of the Company or any Subsidiary, as the case may be, then the Company will itself pay or provide for the payment of such Employee Benefits to the Executive, and, if applicable, the Executive's dependents and beneficiaries. Without otherwise limiting the purposes or effect of Section 5, Employee Benefits otherwise receivable by the Executive pursuant to this Section 4(a) will be reduced to the extent comparable welfare benefits are actually received by the Executive from another employer during the Severance Period following the Executive's Termination Date.

(b) There will be no right of set-off or counterclaim in respect of any claim, debt, or obligation against any payment to or benefit for the Executive provided for in this Agreement, except as expressly provided in the last sentence of Section 4(a).

(c) Without limiting the rights of the Executive at law or in equity, if the Company fails to make any payment or provide any benefit required to be made or provided hereunder on a timely basis, the Company will pay interest on the amount or value thereof at an annualized rate of interest equal to 1.25 times the so-called composite "prime rate" as quoted from time to time during the relevant period in the Midwest Edition of THE WALL STREET JOURNAL. Such interest will be payable as it accrues on demand. Any change in such prime rate will be effective on and as of the date of such change.

(d) Notwithstanding anything to the contrary contained in this Agreement or in the 1995 Incentive Bonus Plan, as amended, of the Company (the "Bonus Plan"), if, following the occurrence of a Change in Control, the Company terminates the Executive's employment during the Severance Period other than pursuant to Section 3(a), or if the Executive terminates the Executive's employment pursuant to Section 3(b), the Executive will be entitled to an additional payment in the amount of the Executive's Long-Term Incentive Awards (as defined in the Bonus Plan), in lieu of any other Long-Term Incentive Award under the Bonus Plan, (a) calculated as if the Executive's Operating Unit (as defined in the Bonus Plan) and the Executive

(if applicable) had achieved 100% of its or his Performance Goals (as defined in the Bonus Plan) and (b) prorated on the basis of the ratio of the number of months of the Executive's participation during the Performance Period (as defined in the Bonus Plan) to which the Long-Term Incentive Award related to the aggregate number of months in such Performance Period.

(e) Notwithstanding anything to the contrary contained in this Agreement, the parties' respective rights and obligations under this Section 4 and under Sections 7 and the last sentence of Section 8 will survive any termination or expiration of this Agreement following a Change in Control or the termination of the Executive's employment following a Change in Control for any reason whatsoever.

(f) Notwithstanding anything to the contrary contained in this Agreement, in the 1992 Executive Equity Incentive Plan of the Company or any similar or successor plan (an "Equity Plan"), or in any agreement evidencing a grant made pursuant to any Equity Plan, immediately upon the occurrence of a Change in Control, (i) any rights theretofore granted to the Executive to purchase stock in the Company upon the exercise of an option, and any corresponding appreciation rights, will become exercisable in full and (ii) any risks of forfeiture and prohibitions or restrictions on transfer pertaining to any restricted shares theretofore granted to the Executive will lapse.

(5) NO MITIGATION OBLIGATION: The Company hereby acknowledges that it will be difficult and may be impossible (a) for the Executive to find reasonably comparable employment following the Termination Date and (b) to measure the

amount of damages which the Executive may suffer as a result of termination of employment hereunder. Accordingly, the payment of the severance compensation to the Executive in accordance with the terms of this Agreement is hereby acknowledged by the Company to be reasonable and will be liquidated damages, and the Executive will not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise, nor will any profits, income, earnings, or other benefits from any source whatsoever create any mitigation, offset, reduction, or any other obligation on the part of the Executive hereunder or otherwise, except as expressly provided in the last sentence of Section 4(a).

(6) LIMITATION ON PAYMENTS AND BENEFITS: Notwithstanding anything to the contrary contained in this Agreement, if, after taking into account all amounts or benefits otherwise to be paid or payable, any amount or benefit to be paid or provided under this Agreement would be an "Excess Parachute Payment," within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), or any successor provision thereto, but for the application of this sentence, then the payments and benefits to be so paid or provided under this Agreement will be reduced to the minimum extent necessary (but in no event to less than zero) so that no portion of any such payment or benefit, as so reduced, constitutes an Excess Parachute Payment; provided, however, that the foregoing reduction will be made only if and to the extent that such reduction would result in an increase in the aggregate payments and benefits to be provided, determined on an after-tax basis (taking into account the excise tax imposed pursuant to Section 4999 of the Code, or any successor provision thereto, any tax imposed by any comparable provision of state law, and any applicable federal, state, and local income taxes). The determination of whether any reduction in such payments or benefits to be provided under this Agreement is required pursuant to the preceding sentence will be made at the expense of the

Company, if requested by the Executive or the Company, by the Company's independent accountants. The fact that the Executive's right to payments or benefits may be reduced by reason of the limitations contained in this Section 6 will not of itself limit or otherwise affect any other rights of the Executive other than pursuant to this Agreement. In the event that any payment or benefit intended to be provided under this Agreement or otherwise is required to be reduced pursuant to this Section 6, the Executive will be entitled to designate the payments and/or benefits to be so reduced in order to give effect to this Section 6. The Company will provide the Executive all information reasonably requested by the Executive to permit the Executive to make such designation. In the event that the Executive fails to make such designation within 10 business days of the Termination Date, the Company may effect such reduction in any manner it deems appropriate.

(7) LEGAL FEES AND EXPENSES; SECURITY: It is the intent of the Company that the Executive not be required to incur legal fees and the related expenses associated with the interpretation, enforcement, or defense of the Executive's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Executive hereunder. Accordingly, if it should appear to the Executive that the Company has failed to comply with any of its obligations under this Agreement or in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or proceeding designed to deny, or to recover from, the Executive the benefits provided or intended to be provided to the Executive hereunder, the Company irrevocably authorizes the Executive from time to time to retain counsel of the Executive's choice, at the expense of the Company as hereinafter provided, to advise and represent the Executive in connection with any such interpretation, enforcement, or defense, including without limitation the initiation or defense of any litigation or other legal action, whether by or against the Company or any Director, officer, stockholder, or other person affiliated with the Company, in any jurisdiction. Notwithstanding any existing or prior attorney-client relationship between the Company and such counsel, the Company irrevocably consents to the Executive's entering into an attorney-client relationship with such counsel, and in that connection the Company and the Executive agree that a confidential relationship will exist between the Executive and such counsel. Without regard to whether the Executive prevails, in whole or in part, in connection with any of the

foregoing, the Company will pay and be solely financially responsible for any and all attorneys' and related fees and expenses incurred by the Executive in connection with any of the foregoing.

(8) EMPLOYMENT RIGHTS; TERMINATION PRIOR TO CHANGE IN CONTROL: Nothing expressed or implied in this Agreement will create any right or duty on the part of the Company or the Executive to have the Executive remain in the employ of the Company or any Subsidiary prior to or following any Change in Control. Any termination of the employment of the Executive or the removal of the Executive from any office or position in the Company or any Subsidiary following the commencement of any discussion with a third person that results in a Change in Control within 60 calendar days after such termination or removal will be deemed to be a termination or removal of the Executive after a Change in Control for purposes of this Agreement.

(9) WITHHOLDING OF TAXES: The Company may withhold from any amounts payable under this Agreement all federal, state, city, or other taxes that the Company is required to withhold pursuant to any law or government regulation or ruling.

(10) SUCCESSORS AND BINDING AGREEMENT:

(a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization, or otherwise) to all or substantially all of the business or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly to assume and agree to perform this Agreement in the same manner and to the same extent the Company would be required to perform if no such succession had taken place. This Agreement will be binding upon and inure to the benefit of the Company and any successor to the Company, including without limitation any person acquiring directly or indirectly all or substantially all of the business or assets of the Company whether by purchase, merger, consolidation, reorganization, or otherwise (and such successor will thereafter be deemed the "Company" for the purposes of this Agreement), but will not otherwise be assignable, transferable, or delegatable by the Company, except to a Subsidiary.

(b) This Agreement will inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, and legatees.

(c) This Agreement is personal in nature and neither of the parties hereto will, without the consent of the other, assign, transfer, or delegate this Agreement or any rights or obligations hereunder except as expressly provided in Sections 10(a) and 10(b). Without limiting the generality or effect of the foregoing, the Executive's right to receive payments hereunder will not be assignable, transferable, or delegatable, whether by pledge, creation of a security interest, or otherwise, other than by a transfer by the Executive's will or by the laws of descent and distribution and, in the event of any attempted assignment or transfer contrary to this Section 10(c), the Company will have no liability to pay any amount so attempted to be assigned, transferred, or delegated.

11. NOTICES: For all purposes of this Agreement, all communications, including without limitation notices, consents, requests, or approvals, required or permitted to be given hereunder will be in writing and will be deemed to have been duly given when hand delivered or dispatched by electronic facsimile transmission (with receipt thereof orally confirmed), or five calendar days after having been mailed by United States registered or certified mail, return receipt requested, postage prepaid, or one business day after having been sent for next-day delivery by a nationally recognized overnight courier service such as Federal Express, UPS, or Purolator, addressed to the Company (to the attention of the Secretary of the Company) at its principal executive office and to the Executive at the Executive's principal residence as shown in the Company's most current records, or to such other address as any party may have furnished to the other in writing and in accordance herewith, except that notices of changes of address will be effective only upon receipt.

12. GOVERNING LAW: The validity, interpretation, construction, and performance of this Agreement will be governed by and construed in accordance with the substantive laws of the State of Delaware, without giving effect to the principles of conflict of laws of such State.

13. VALIDITY: If any provision of this Agreement or the application of any provision hereof to any person or circumstance is held invalid, unenforceable, or otherwise illegal, the remainder of this Agreement and the application of such provision to any other person or circumstance will not be affected, and the provision so held to be invalid, unenforceable, or otherwise illegal will be reformed to the extent (and only to the extent) necessary to make it enforceable, valid, or legal.

14. MISCELLANEOUS: No provision of this Agreement may be waived, modified, or discharged unless such waiver, modification, or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto or compliance with any condition or provision of this Agreement to be performed by such other party will be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, expressed or implied with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. References to Sections are to references to Sections of this Agreement.

15. COUNTERPARTS: This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same agreement.

16. OTHER BENEFITS: Except as provided in Section 4(d), neither the provisions of this Agreement nor the severance compensation, benefits, and other payments provided for hereunder will reduce or increase any amounts otherwise payable, or in any other way affect the Executive's rights as an employee of the Company, whether existing now or hereafter, under any other agreement or any benefit, incentive, retirement, stock option, stock bonus, stock purchase, or other plan, program, or arrangement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered as of the date first above written.

FEDERATED DEPARTMENT STORES, INC.

By: ______________________________
Name: ______________________________
Title: ______________________________

[Name of Executive]

Exhibit 21

FEDERATED DEPARTMENT STORES, INC.
SUBSIDIARY LIST AS OF 1/30/99

22 East Advertising Agency, Inc.
22 East Realty Corporation
3240 Properties Corp.
Advertex Communications, Inc.
Allied Mortgage Financing Corp.
Allied Stores General Real Estate Company
Allied Stores International Sales Company, Inc.
Allied Stores International, Inc.
Allied Stores Marketing Corp.
Astoria Realty, Inc.
Auburndale Realty, Inc.
Bamrest Del, Inc.
BFC Real Estate Company
Bloomingdale's Atlantic City, Inc.
Bloomingdale's By Mail Ltd.
Bloomingdale's, Inc.
Broadway Receivables, Inc.
Broadway Stores, Inc.
Bullock's, Inc.
Burdines, Inc.
Calclove Realty Corp.
Camelback Funding Corporation
Carter Hawley Hale Properties, Inc.
Cowie & Company, Limited
Delphis Corporation
Douglaston Plaza, Inc.
Executive Placements Consultants, Inc.
FACS Group, Inc.
FDS National Bank
Federated Claims Administration, Inc.
Federated Claims Services Group, Inc.
Federated Corporate Services, Inc.
Federated Department Stores Foundation
Federated Department Stores Insurance Company, Ltd.
Federated Noteholding Corporation
Federated Noteholding Corporation II
Federated Retail Holdings, Inc.
Federated Specialty Stores, Inc.
Federated Stores Realty, Inc.
Federated Systems Group, Inc.
Finite Limited
Garage Park Corp.
Hunt Valley Properties Corp.
I. Magnin Properties Corp.

I. Magnin Properties Corp. II
I. Magnin, Inc.
Jor-Mar, Inc.
Jordan Marsh Insurance Agency, Inc.
Jordan Servicenter, Inc.
Kings Plaza Shopping Center of Avenue U, Inc.
L&K Properties Corp.
M H L Properties Corp. of Massachusetts
Macy Credit Corp.
Macy Financial, Inc.
Macy N. R. Properties Corp.
Macy Special Real Estate Capital Corp.
Macy's By Mail, Inc.
Macy's Close-Out, Inc.
Macy's Data and Credit Services Corp.

Macy's Department Stores, Inc.
Macy's East, Inc.
Macy's Hamilton By Appointment, Inc.
Macy's Kings Plaza Real Estate, Inc.
Macy's Primary Real Estate, Inc.
Macy's Real Estate, Inc.
Macy's Secondary Real Estate, Inc.
Macy's.Com, Inc.
MOA Rest, Inc.
Nasstock, Inc.
New Haven Properties Corp.
Paramustock, Inc.
Pasadena Properties Corp.
Prime II Receivables Corporation
Prime Receivables Corporation
R. H. Macy (France) S.A.R.L.
R. H. Macy Holdings (HK), Ltd.
R. H. Macy Overseas Finance N.V.
R. H. Macy Warehouse (HK), Ltd.
Rich's Department Stores, Inc.
Sabugo, Limited
Sacvent Garage
Sanstoff East Properties Corp.
Seven Hills Funding Corporation
Seven West Seventh, Inc.
Shop 34 Advertising, Inc.
Stern's Department Stores, Inc.
Stern's-Granite Run, Inc.
Strone Realty, Inc.
Suffhold Realty, Inc.
Sunsac Properties Corp.
The Bon, Inc.
U & F Realty Corp.
W. P. Properties Corp.
West-Man Realty, Inc.
Wise Chat Limited

Exhibit 22

INDEPENDENT AUDITORS' CONSENT

The Board of Directors and Shareholders
Federated Department Stores, Inc.

We consent to the incorporation by reference in the registration statement (No. 333-44373) on Form S-8 and registration statement (No. 333-34321) on Form S-3 of Federated Department Stores, Inc. of:

o our report dated March 2, 1999, relating to the consolidated balance sheets of Federated Department Stores, Inc. and subsidiaries as of January 30, 1999 and January 31, 1998 and the related consolidated statements of income and cash flows for the fifty-two week periods ended January 30, 1999, January 31, 1998 and February 1, 1997, which report appears in the January 30, 1999 annual report on Form 10-K of Federated Department Stores, Inc.; and

o our report dated January 20, 1999 relating to the consolidated statements of financial position of Fingerhut Companies, Inc. as of December 25, 1998 and December 26, 1997 and the related consolidated statements of earnings, changes in stockholders' equity and cash flows for each of the fiscal years in the three-year period ended December 25, 1998, which report appears in the March 18, 1999 Form 8-K of Federated Department Stores, Inc.

KPMG LLP
Cincinnati, Ohio
April 19, 1999

Exhibit 23

POWER OF ATTORNEY

The undersigned, a director and/or officer of Federated Department Stores, Inc., a Delaware corporation (the "Company"), hereby constitutes and appoints Dennis J. Broderick, John R. Sims and Padma Tatta Cariappa, or any of them, my true and lawful attorneys-in-fact and agents, each with full power of substitution and resubstitution, to do any and all acts and things in my name and behalf in my capacities as director and/or officer of the Company and to execute any and all instruments for me and in my name in the capacities indicated above, which said attorneys-in-fact and agents, or any of them, may deem necessary or advisable to enable the Company to comply with the Securities Act of 1934, as amended (the "Exchange Act"), and any rules, regulations, and requirements of the Securities and Exchange Commission (the "Commission"), in connection with an Annual Report on Form 10-K to be filed by the Company pursuant to Section 13 of the Exchange Act, including without limitation, power and authority to sign for me, in my name in the capacity or capacities referred to above, such Annual Report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Commission, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitute or substitutes, or any one of them, shall do or cause to be done by virtue hereof.

Dated: April 21, 1999 /s/ James M. Zimmerman

James M. Zimmerman

POWER OF ATTORNEY

The undersigned, a director and/or officer of Federated Department Stores, Inc., a Delaware corporation (the "Company"), hereby constitutes and appoints Dennis J. Broderick, John R. Sims and Padma Tatta Cariappa, or any of them, my true and lawful attorneys-in-fact and agents, each with full power of substitution and resubstitution, to do any and all acts and things in my name and behalf in my capacities as director and/or officer of the Company and to execute any and all instruments for me and in my name in the capacities indicated above, which said attorneys-in-fact and agents, or any of them, may deem necessary or advisable to enable the Company to comply with the Securities Act of 1934, as amended (the "Exchange Act"), and any rules, regulations, and requirements of the Securities and Exchange Commission (the "Commission"), in connection with an Annual Report on Form 10-K to be filed by the Company pursuant to Section 13 of the Exchange Act, including without limitation, power and authority to sign for me, in my name in the capacity or capacities referred to above, such Annual Report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Commission, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitute or substitutes, or any one of them, shall do or cause to be done by virtue hereof.

Dated: April 21, 1999 /s/ Terry J. Lundgren

Terry J. Lundgren

POWER OF ATTORNEY

The undersigned, a director and/or officer of Federated Department Stores, Inc., a Delaware corporation (the "Company"), hereby constitutes and appoints Dennis J. Broderick, John R. Sims and Padma Tatta Cariappa, or any of them, my true and lawful attorneys-in-fact and agents, each with full power of substitution and resubstitution, to do any and all acts and things in my name and behalf in my capacities as director and/or officer of the Company and to execute any and all instruments for me and in my name in the capacities indicated above, which said attorneys-in-fact and agents, or any of them, may deem necessary or advisable to enable the Company to comply with the Securities Act of 1934, as amended (the "Exchange Act"), and any rules, regulations, and requirements of the Securities and Exchange Commission (the "Commission"), in connection with an Annual Report on Form 10-K to be filed by the Company pursuant to Section 13 of the Exchange Act, including without limitation, power and authority to sign for me, in my name in the capacity or capacities referred to above, such Annual Report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Commission, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitute or substitutes, or any one of them, shall do or cause to be done by virtue hereof.

Dated: April 21, 1999 /s/ Ronald W. Tysoe

Ronald W. Tysoe

POWER OF ATTORNEY

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Dated: April 21, 1999 /s/ Karen M. Hoguet

Karen M. Hoguet

POWER OF ATTORNEY

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Dated: April 21, 1999 /s/ Joel A. Belsky

Joel A. Belsky

POWER OF ATTORNEY

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Dated: April 21, 1999 /s/ Meyer Feldberg

Meyer Feldberg

POWER OF ATTORNEY

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Dated: April 21, 1999 /s/ Earl G. Graves, Sr.

Earl G. Graves, Sr.

POWER OF ATTORNEY

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Dated: April 21, 1999 /s/ George V. Grune

George V. Grune

POWER OF ATTORNEY

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Dated: April 21, 1999 /s/ Sara Levinson

Sara Levinson

POWER OF ATTORNEY

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Dated: April 21, 1999 /s/ Joseph Neubauer

Joseph Neubauer

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Dated: April 21, 1999 /s/ Joseph A. Pichler

Joseph A. Pichler

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Dated: April 21, 1999 /s/ Karl M. von der Heyden

Karl M. von der Heyden

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Dated: April 21, 1999 /s/ Craig E. Weatherup

Craig E. Weatherup

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Dated: April 21, 1999 /s/ Marna C. Whittington

Marna C. Whittington

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