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<!-- TOC -->
<A name="toc"><DIV align="CENTER"><U><B>TABLE OF CONTENTS</B></U></DIV></A>

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<TR><TD></TD><TD colspan="8"><A HREF="#000">Item 1. Business.</A></TD></TR>
<TR><TD></TD><TD colspan="8"><A HREF="#001">Item 1A. Executive Officers of the Registrant.</A></TD></TR>
<TR><TD></TD><TD colspan="8"><A HREF="#002">Item 2. Properties.</A></TD></TR>
<TR><TD></TD><TD colspan="8"><A HREF="#003">Item 3. Legal Proceedings.</A></TD></TR>
<TR><TD></TD><TD colspan="8"><A HREF="#004">Item 4. Submission of Matters to a Vote of Security-Holders.</A></TD></TR>
<TR><TD colspan="9"><A HREF="#005">PART II</A></TD></TR>
<TR><TD></TD><TD colspan="8"><A HREF="#006">Item 5. Market for Registrant&#146;s Common Equity and Related Stockholder Matters.</A></TD></TR>
<TR><TD></TD><TD colspan="8"><A HREF="#007">Item 6. Selected Financial Data.</A></TD></TR>
<TR><TD></TD><TD colspan="8"><A HREF="#008">Item 7. Management&#146;s Discussion and Analysis of Financial Condition and Results of Operations.</A></TD></TR>
<TR><TD></TD><TD colspan="8"><A HREF="#009">Item 7A. Quantitative and Qualitative Disclosures About Market Risk</A></TD></TR>
<TR><TD></TD><TD colspan="8"><A HREF="#010">Item 8. Consolidated Financial Statements and Supplementary Data.</A></TD></TR>
<TR><TD></TD><TD colspan="8"><A HREF="#011">Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.</A></TD></TR>
<TR><TD colspan="9"><A HREF="#012">PART III</A></TD></TR>
<TR><TD></TD><TD colspan="8"><A HREF="#013">Item 10. Directors and Executive Officers of the Registrant.</A></TD></TR>
<TR><TD></TD><TD colspan="8"><A HREF="#014">Item 11. Executive Compensation.</A></TD></TR>
<TR><TD></TD><TD colspan="8"><A HREF="#015">Item 12. Security Ownership and Certain Beneficial Owners and Management.</A></TD></TR>
<TR><TD></TD><TD colspan="8"><A HREF="#016">Item 13. Certain Relationships and Related Transactions.</A></TD></TR>
<TR><TD colspan="9"><A HREF="#017">PART IV</A></TD></TR>
<TR><TD></TD><TD colspan="8"><A HREF="#018">Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K</A></TD></TR>
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 <B>of the Securities Exchange Act of 1934</B></TD>
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 January 29, 2000</B></FONT></TD>
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<P align="center">
<B><FONT size="6">Federated Department Stores, Inc.</FONT></B>

<P align="center">
<B>151 West 34th Street</B>

<DIV align="center">
<B>New York, New York 10001</B>
</DIV>

<DIV align="center">
<B>(212) 494-1602</B>
</DIV>

<DIV align="center">
<B>and</B>
</DIV>

<DIV align="center">
<B>7 West Seventh Street</B>
</DIV>

<DIV align="center">
<B>Cincinnati, Ohio 45202</B>
</DIV>

<DIV align="center">
<B>(513) 579-7000</B>
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 <TD align="left"><B>Incorporated in Delaware</B></TD>
 <TD align="right"><B>I.R.S. No. 13-3324058</B></TD>
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 Rights to Purchase Series A Junior Participating Preferred
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<P align="center">
<B>Securities Registered Pursuant to Section 12(g) of the
Act:</B>

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None

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The Company has filed all reports required to be filed by
Section 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.

<P align="left">     
Disclosure of delinquent filers pursuant to Item 405 of
Regulation S-K is not contained herein, and will not be
contained, to the best of registrant&#146;s knowledge, in
definitive proxy or information statements incorporated by
reference in Part III of this Form 10-K or any amendment to
this Form 10-K.

<P align="left">     
There were 211,548,809 shares of the Company&#146;s Common Stock
outstanding as of April 1, 2000, 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
March 31, 2000, was approximately $8,964,400,000.

<P align="center"><B>Documents Incorporated by Reference</B>

<P align="left">     
Portions of the definitive proxy statement (the &#147;Proxy
Statement&#148;) relating to the Company&#146;s Annual Meeting of
 Stockholders to be held on May 19, 2000 (the &#147;Annual
Meeting&#148;), are incorporated by reference in Part III hereof.

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<P><HR noshade><P>
<H5 align="left"><A HREF="#toc">Table of Contents</A></H5><P>

<P align="left">     
<I>Unless the context requires otherwise, (i) references to
&#147;the Company&#148; are, for all periods prior to
December 19, 1994 (the &#147;Merger Date&#148;), references
to Federated Department Stores, Inc. (&#147;Federated&#148;) and
its subsidiaries and their respective predecessors, and for all
periods following the merger (the &#147;Merger&#148;) of
Federated and R.H. Macy &#38; Co. Inc. (&#147;Macy&#146;s&#148;)
on the Merger Date, references to the surviving corporation in
the Merger and its subsidiaries and (ii) references to
&#147;1999,&#148; &#147;1998,&#148; &#147;1997,&#148;
&#147;1996&#148; and &#147;1995&#148; are references to the
Company&#146;s fiscal years ended January 29, 2000,
January 30, 1999, January 31, 1998, February 1, 1997
and February 3, 1996, respectively.</I>

<P align="left">     
<I>This report and other reports, statements and information
previously or subsequently filed by the Company with the
Securities and Exchange Commission (the &#147;SEC&#148;) 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
&#147;may,&#148; &#147;will,&#148; &#147;could,&#148;
&#147;should,&#148; &#147;believe,&#148; &#147;expect,&#148;
&#147;future,&#148; &#147;potential,&#148;
&#147;anticipate,&#148; &#147;intend,&#148; &#147;plan,&#148;
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“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.</I>

<!-- link2 "Item 1. Business." -->
<DIV align="left"><A NAME="000"></A></DIV>

<P align="left"><B>Item 1. Business.</B>

<P align="left">
<I>General. </I>The Company, through its subsidiaries, 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 29, 2000. The Company’s subsidiaries operate
department stores under the names
“Bloomingdale’s,” “The Bon Marché,”
“Burdines,” “Goldsmith’s,”
“Lazarus,” “Macy’s,”
“Rich’s” and “Stern’s.” These
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 department
stores are located at urban or suburban sites, principally in
densely populated areas across the United States.

<P align="left">
The Company, through its division, Federated Direct, also
operates direct-to-customer mail catalog businesses under the
names “Bloomingdale’s By Mail,” “Macy’s
By Mail” and “Fingerhut,” and electronic commerce
businesses which provide goods and services online through its
subsidiary Fingerhut Companies, Inc. (“Fingerhut”) and
under the names “bloomingdales.com” and
“macys.com.” Through Fingerhut, the Company operates a
database marketing business that sells a broad range of products
and services through catalogs, direct marketing and the Internet,
including (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 services to third parties,

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<H5 align="left"><A HREF="#toc">Table of Contents</A></H5><P>

<DIV align="left">
including telemarketing, direct marketing, information
management, warehousing, product fulfillment and distribution,
order and returns processing, customer service and credit-related
services. The Company also has investments in entities engaged
in complementary businesses, including Internet businesses.
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The Company provides various support functions to its retail
operating divisions (except Fingerhut) on an integrated,
company-wide basis.
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 The Company&#146;s financial and credit services subsidiary, FACS
  Group, Inc. (&#147;FACS&#148;), supports the proprietary credit
 programs of the Company&#146;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.
 (&#147;GE Bank&#148;). GE Bank owns all of the
 &#147;Macy&#146;s&#148; credit card accounts originated prior to
 the Merger and an allocated portion of the
 &#147;Macy&#146;s&#148; credit card accounts originated
 subsequent to the Merger. In addition, FACS provides payroll and
 benefits services to the Company&#146;s retail operating and
 service divisions.</TD>
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 The Company&#146;s data processing subsidiary, Federated Systems
 Group, Inc. (&#147;FSG&#148;), provides (directly and pursuant to
  outsourcing arrangements with third parties) operational
 electronic data processing and management information services to
  each of the Company&#146;s retail operating and service
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 Federated Merchandising Group (&#147;FMG&#148;), 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&#146;s various
 department store franchises. FMG is also responsible for all of
 the private label development of the Company&#146;s retail
 operating divisions except for Bloomingdale&#146;s and
 Stern&#146;s, which source some of their private label
 merchandise through Associated Merchandising Corporation.
 Bloomingdale&#146;s also has its own private label program and
 sells some of FMG&#146;s merchandise.</TD>
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 Federated Logistics, a division of a subsidiary of the Company,
 provides warehousing and merchandise distribution services, store
  design and construction services and certain supply purchasing
 services for the Company&#146;s retail operating divisions.</TD>
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 A specialized staff maintained in the Company&#146;s corporate
 offices provides services for all divisions of the Company in
 such areas as accounting, real estate and insurance, as well as
 various other corporate office functions.</TD>
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<P align="left">     
FACS, FSG, FMG and certain departments in the Company&#146;s
corporate offices also offer their services to unrelated third
parties.
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<P align="left">
Fingerhut conducts its retail business though its principal
subsidiaries Fingerhut Corporation, Figi’s Inc., Arizona
Mail Order Company, Inc., Bedford Fair Apparel, Inc., Popular
Club Plan, Inc. and Axsys National Bank, which provides credit
for customers’ purchases in the form of revolving credit
card loans. Other subsidiaries of Fingerhut support such retail
operations by providing data processing, customer service,
telemarketing and fulfillment services, as well as other
corporate office functions.

<P align="left">
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 pursuant to a subsidiary merger.

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<P align="left">
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.

<P align="left">
<I>Employees. </I>As of January 29, 2000, the Company had
approximately 133,000 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 29, 2000 were
represented by unions. Management considers its relations with
employees to be satisfactory.

<P align="left">
<I>Seasonality. </I>The retail 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.

<P align="left">
<I>Purchasing. </I>The Company purchases merchandise from many
suppliers, no one of which accounted for more than 5% of the
Company’s net purchases during 1999. 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.

<P align="left">
<I>Competition. </I>The retailing industry, in general, and the
department store and direct-to-customer businesses, in
particular, are intensely competitive. Generally, the
Company’s stores compete with other department stores in the
geographic areas in which they operate. In addition, both the
Company’s department stores and direct-to-customer
operations compete 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 the Internet, mail order catalogs and television) and
manufacturers’ outlets.

<P align="left">
<I>Operating Segment Information.</I> The information set forth
in Note 16 to Consolidated Financial Statements appearing
elsewhere in this report is incorporated by reference into this
Item 1.

<!-- link2 "Item 1A. Executive Officers of the Registrant." -->
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<P align="left"><B>Item 1A. Executive Officers of the Registrant.</B>

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The following table sets forth certain information regarding the
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 James M. Zimmerman</FONT></TD>
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 <TD></TD>
 <TD></TD>
 <TD></TD>
 <TD align="left" valign="top" nowrap><FONT size="2">Chairman of the Board and Chief Executive Officer; Director</FONT></TD>
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 <TD align="left" valign="top"><FONT size="2">
 Terry J. Lundgren</FONT></TD>
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 <TD align="left" valign="top" nowrap><FONT size="2">President and Chief Merchandising Officer; Director</FONT></TD>
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<TR>
 <TD align="left" valign="top"><FONT size="2">
 Ronald W. Tysoe</FONT></TD>
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 <TD></TD>
 <TD></TD>
 <TD></TD>
 <TD align="left" valign="top" nowrap><FONT size="2">Vice Chairman, Finance and Real Estate; Director</FONT></TD>
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<TR>
 <TD align="left" valign="top"><FONT size="2">
 Thomas G. Cody</FONT></TD>
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 <TD align="right" valign="top" nowrap><FONT size="2">58</FONT></TD>
 <TD></TD>
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 <TD></TD>
 <TD align="left" valign="top" nowrap><FONT size="2">Executive Vice President, Legal and Human Resources</FONT></TD>
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 <TD align="left" valign="top"><FONT size="2">
 Dennis J. Broderick</FONT></TD>
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 <TD align="right" valign="top" nowrap><FONT size="2">51</FONT></TD>
 <TD></TD>
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 <TD align="left" valign="top" nowrap><FONT size="2">Senior Vice President, General Counsel and Secretary</FONT></TD>
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<TR>
 <TD align="left" valign="top"><FONT size="2">
 Karen M. Hoguet</FONT></TD>
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 <TD></TD>
 <TD align="left" valign="top" nowrap><FONT size="2">Senior Vice President and Chief Financial Officer</FONT></TD>
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 <TD align="left" valign="top"><FONT size="2">
 Joel A. Belsky</FONT></TD>
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 <TD></TD>
 <TD></TD>
 <TD align="left" valign="top" nowrap><FONT size="2">Vice President and Controller</FONT></TD>
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<P align="left">     
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.

<P align="center">3

<!-- PAGEBREAK -->
<P><HR noshade><P>
<H5 align="left"><A HREF="#toc">Table of Contents</A></H5><P>

<P align="left">     
Terry J. Lundgren has been President and Chief Merchandising
Officer of the Company since May 1997 and served as the
Chairman of the Company&#146;s Federated Merchandising Group
division from February 1994 until February 19, 1998.

<P align="left">     
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.

<P align="left">     
Thomas G. Cody has been Executive Vice President, Legal and Human
 Resources of the Company since May 1988.

<P align="left">     
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.

<P align="left">     
Karen M. Hoguet has been Senior Vice President of the Company
since April 1991 and Chief Financial Officer of the Company since
 October 31, 1997. Prior to July 6, 1999,
Mrs. Hoguet served as the Treasurer of the Company since
January 1992.

<P align="left">     
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.
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<!-- link2 "Item 2. Properties." -->
<DIV align="left"><A NAME="002"></A></DIV>

<P align="left"><B>Item 2.  Properties.</B>

<P align="left">     
The properties of the Company consist primarily of stores and
related retail facilities, including warehouses and distribution
and fulfillment 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 29, 2000, the
 Company operated 403 department stores in 33 states, comprising
a total of 81,914,000 square feet. Of such department stores, 197
 were entirely or mostly owned and 206 stores were entirely or
mostly leased. 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.

<!-- link2 "Item 3. Legal Proceedings." -->
<DIV align="left"><A NAME="003"></A></DIV>

<P align="left"><B>Item 3.  Legal Proceedings.</B>

<P align="left">     
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&#146;s financial position or results of operations.

<!-- link2 "Item 4. Submission of Matters to a Vote of Security-Holders." -->
<DIV align="left"><A NAME="004"></A></DIV>

<P align="left"><B>Item 4.  Submission of Matters to a Vote of
Security-Holders.</B>

<P align="left">     
None.

<P align="center">4

<!-- PAGEBREAK -->
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<H5 align="left"><A HREF="#toc">Table of Contents</A></H5><P>

<!-- link1 "PART II" -->
<DIV align="left"><A NAME="005"></A></DIV>

<P align="center"><B>PART II</B>

<!-- link2 "Item 5. Market for Registrant&#146;s Common Equity and Related Stockholder Matters." -->
<DIV align="left"><A NAME="006"></A></DIV>

<P align="left"><B>Item 5.  Market for Registrant&#146;s Common Equity
and Related Stockholder Matters.</B>

<P align="left">     
The Common Stock is listed on the New York Stock Exchange (the
&#147;NYSE&#148;) under the trading symbol &#147;FD.&#148; As of
January 29, 2000, the Company had approximately 16,000
stockholders of record. The following table sets forth for each
fiscal quarter during 1999 and 1998 the high and low sales prices
 per share of Common Stock as reported on the NYSE Composite
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 <TD align="left" valign="top"><FONT size="2">
 1st Quarter</FONT></TD>
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 2nd Quarter</FONT></TD>
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 4th Quarter</FONT></TD>
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<P align="left">     
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.

<P align="center">5

<!-- PAGEBREAK -->
<P><HR noshade><P>
<H5 align="left"><A HREF="#toc">Table of Contents</A></H5><P>

<!-- link2 "Item 6. Selected Financial Data." -->
<DIV align="left"><A NAME="007"></A></DIV>

<P align="left"><B>Item 6.  Selected Financial Data.</B>

<P align="left">     
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.

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 Net sales</FONT></TD>
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 Cost of sales</FONT></TD>
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 Selling, general and administrative expenses</FONT></TD>
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 Income before income taxes and extraordinary items</FONT></TD>
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 Federal, state and local income tax expense</FONT></TD>
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 The extraordinary items for 1998 and 1997 were after-tax expenses
  associated with debt prepayments.</TD>
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<!-- link2 "Item 7. Management&#146;s Discussion and Analysis of Financial Condition and Results of Operations." -->
<DIV align="left"><A NAME="008"></A></DIV>

<P align="left"><B>Item 7. Management&#146;s Discussion and Analysis of
Financial Condition and Results of Operations.</B>

<P align="left">     
The Company acquired Fingerhut on March 18, 1999. The
acquisition is being accounted for under the purchase method of
accounting and, accordingly, the Company&#146;s results of
operations do not include any revenues or expenses related to the
 acquisition prior to the closing date. The results of operations
 of Fingerhut have been grouped with the Company&#146;s
Bloomingdale&#146;s By Mail, Macy&#146;s By Mail and macys.com
operations and certain other direct marketing activities as the
direct-to-customer segment.

<P align="left"><B><I>Results of Operations</I></B>

<P align="left">     
<I>Comparison of the 52 Weeks Ended January 29, 2000 and
January 30, 1999.</I> Net sales for 1999 totaled
$17,716 million, compared to net sales of $15,365 million
for 1998, an increase of 15.3%. Net sales for department stores
for 1999 were $15,850 million compared to
$15,365 million for 1998, an increase of 3.2%. On a
comparable store basis (sales from stores in operation throughout
 all of 1998 and 1999), net sales for 1999 increased 4.5%
compared to 1998. Net sales for the direct-to-customer segment
were $1,866 million for 1999.

<P align="left">     
Cost of sales was 58.9% of net sales for 1999, compared to 60.0%
for 1998. Cost of sales as a percent of net sales for department
stores improved 0.2% in 1999 compared to 1998, benefiting from
continued strength in consumer demand. This improvement in the
cost of sales rate for department stores, together with a
relatively lower cost of sales rate for the direct-to-customer
segment, contributed to the overall 1.1% improvement in the cost
of sales rate for 1999. The valuation of department store
merchandise inventories on the last-in, first-out basis did not
impact cost of sales in either year.

<P align="left">     
Selling, general and administrative (&#147;SG&#38;A&#148;)
expenses were 31.5% of net sales for 1999, compared to 30.5% for
1998. Department store SG&#38;A expenses improved 1.3% as a
percent of department store net sales, reflecting the impact of
higher sales with relatively flat nonpayroll expenses and lower
bad debt expense, which was partially offset by reduced finance
charge income resulting from lower average accounts receivable
billings. A relatively higher SG&#38;A expense rate for the
direct-to-customer segment, including recently launched
businesses, and increased amortization expense resulting from the
 Fingerhut acquisition combined to offset the improvement in the
department store SG&#38;A expense rate and produce a 1.0%
increase in the overall SG&#38;A expense rate for 1999.
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<P align="left">
Net interest expense was $355 million for 1999 compared to
$292 million for 1998. The higher interest expense for 1999
is due mainly to the increased outstanding debt resulting from
the Fingerhut acquisition and the consolidation of the Fingerhut
Master Trust for financial reporting purposes.

<P align="left">
The Company’s effective income tax rate of 40.9% for 1999
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.

<P align="left">
<I>Comparison of the 52 Weeks Ended January 30, 1999 and
January 31, 1998.</I> Net sales for 1998 were
$15,365 million compared to $15,220 million for 1997,
an increase of 1.0%. Excluding sales of the specialty stores
division that was sold in July 1998, net sales increased
1.7% in 1998. On a comparable store basis (sales from stores in
operation throughout all of 1997 and 1998), net sales increased
2.2% in 1998.

<P align="left">
Cost of sales was 60.0% of net sales for 1998, compared to 60.5%
for 1997. The 0.5% 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.

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<!-- PAGEBREAK -->
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<P align="left">
Selling, general and administrative expenses were 30.5% of net
sales for 1998, compared to 30.7% 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 for
1997. The decrease primarily reflects a reduction in the amount
of uncollectible balances written off in 1998, also due to lower
average accounts receivable balances and accelerated payments.

<P align="left">
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.

<P align="left">
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.

<P align="left">
The extraordinary items of $23 million and $39 million
for 1998 and 1997, respectively, represent after-tax expenses
associated with debt prepayments.

<P align="left"><B><I>Liquidity and Capital Resources</I></B>

<P align="left">
The Company’s principal sources of liquidity are cash from
operations, cash on hand and certain available credit facilities.

<P align="left">
Net cash provided by operating activities in 1999 was
$1,263 million, compared to $1,690 million provided in
1998. The Company’s improved operating results were more
than offset by an increase in accounts receivable in 1999
compared to a decrease in 1998. The increase in accounts
receivable in 1999 resulted from higher credit sales and a
post-acquisition increase in Fingerhut’s accounts
receivable.

<P align="left">
Net cash used by investing activities was $2,432 million for

1999, including the purchase of Fingerhut. Investing activities for 1999 also included purchases of property and equipment totaling $770 million, capitalized software of $52 million and investments in companies engaged in complementary businesses totaling $117 million. The Company opened four new department stores and two new furniture galleries during 1999.

<P align="left">
Net cash provided to the Company by all financing activities was $1,080 million. The Company funded the acquisition of Fingerhut through a combination of cash on hand and short-term borrowings. During 1999, the Company issued $350 million of 6.3% Senior Notes due 2009 and $400 million of 6.9% Senior Debentures due 2029, the proceeds of which were used to refinance a portion of the short-term borrowings used by the Company to acquire Fingerhut. The Company repaid debt of $650 million in 1999, consisting principally of $490 million of receivables backed financings and the $125 million of Senior Notes assumed in the Fingerhut acquisition.

<P align="left">
The Company purchased 5.6 million shares of its common stock in 1999 at an approximate cost of $267 million. On January 27, 2000, the Board of Directors approved a new stock repurchase program that authorizes the Company to purchase up to $500 million of its common stock. The Company may from time to time commence, continue or suspend repurchases of shares under the repurchase program, depending on prevailing market conditions, alternate uses of capital and other factors. During 1999, the Company issued 9.0 million shares of its common stock upon the exercise of the Company’s Series C Warrants.

<P align="center">8

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<P><HR noshade><P>
<H5 align="left"><A HREF="#toc">Table of Contents</A></H5><P>

<P align="left">
In 1999, the Company took certain actions which resulted in the consolidation of the Fingerhut Master Trust for financial reporting purposes. The principal assets and liabilities of the Fingerhut Master Trust consisted of accounts receivable transferred by Fingerhut to the Trust in transactions treated as sales under Statement of Financial Accounting Standards No. 125, “Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities,” and the related debt issued by the Trust. As a result of the Company’s actions, the transfer of receivables and debt are being treated as secured borrowings as of and subsequent to July 31, 1999. These actions increased the Company’s consolidated net assets and debt by $1,132 million at July 31, 1999 and by $1,300 million at January 29, 2000.

<P align="left">
The Company intends to open eight new department stores and four new furniture galleries in 2000 and its budgeted capital expenditures are approximately $3,000 million for the 2000 to 2002 period. Management presently anticipates funding such expenditures from operations.

<P align="left">
Management believes the department store business and other retail businesses will continue to consolidate. Accordingly, the Company intends from time to time to consider additional acquisitions of, and investments in, department stores, Internet-related companies, catalog companies and other complementary assets and companies.

<P align="left">
Management 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.

<!-- link2 "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" -->
<DIV align="left"><A NAME="009"></A></DIV>

<P align="left"><B>Item 7A. Quantitative and Qualitative Disclosures About

Market Risk</B>

<P align="left">
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.

<P align="left">
The Company is exposed to interest rate risk primarily through
its borrowing activities, which are described in Note 8 to the
Consolidated Financial Statements. The majority of the
Company’s borrowings are under fixed rate instruments.
However, the Company uses interest rate swap and interest rate
cap agreements to help manage its exposure to interest rate
movements and reduce borrowing costs. See Notes 8 and 15 to the
Consolidated Financial Statements, which are incorporated herein
by reference.

<P align="left">
Based on the Company’s market risk sensitive instruments
(including variable rate debt and derivative financial
instruments) outstanding at January 29, 2000, the Company has
determined that there was no material market risk exposure to the
Company’s consolidate financial position, results of
operations or cash flows as of such date.

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<!-- link2 "Item 8. Consolidated Financial Statements and Supplementary Data." -->
<DIV align="left"><A NAME="010"></A></DIV>

<P align="left"><B>Item 8. Consolidated Financial Statements and
Supplementary Data.</B>

<P align="left">
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.

<P align="center"><B>INDEX</B>

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<!-- link2 "Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure." -->
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<P align="left"><B>Item 9.  Changes in and Disagreements with
Accountants on Accounting and Financial Disclosure.</B>

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None.

<!-- link1 "PART III" -->
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<P align="center"><B>PART III</B>

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<!-- link2 "Item 10. Directors and Executive Officers of the Registrant." -->
<DIV align="left"><A NAME="013"></A></DIV>

<DIV align="left"><B>Item 10.  Directors and Executive Officers of the
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Registrant.</B>
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<P align="left">     
Information called for by this item is set forth under
Item 1 &#147;Election of Directors&#148; and
&#147;Compliance with Section 16(a) of the Securities and
Exchange Act of 1934&#148; in the Proxy Statement, and in
Item 1A &#147;Executive Officers of the Registrant,&#148;
and incorporated herein by reference.

<!-- link2 "Item 11. Executive Compensation." -->
<DIV align="left"><A NAME="014"></A></DIV>

<P align="left"><B>Item 11.  Executive Compensation.</B>

<P align="left">     
Information called for by this item is set forth under
&#147;Executive Compensation&#148; and &#147;Compensation
Committee Report on Executive Compensation&#148; in the Proxy
Statement and incorporated herein by reference.

<!-- link2 "Item 12. Security Ownership and Certain Beneficial Owners and Management." -->
<DIV align="left"><A NAME="015"></A></DIV>

<P align="left"><B>Item 12.  Security Ownership and Certain Beneficial
Owners and Management.</B>

<P align="left">     
Information called for by this item is set forth under
&#147;Stock Ownership&#148; in the Proxy Statement and
incorporated herein by reference.

<!-- link2 "Item 13. Certain Relationships and Related Transactions." -->
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<P align="left"><B>Item 13.  Certain Relationships and Related
Transactions.</B>

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None.

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<!-- link1 "PART IV" -->
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<P align="center"><B>PART IV</B>

<!-- link2 "Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K" -->
<DIV align="left"><A NAME="018"></A></DIV>

<P align="left"><B>Item 14.  Exhibits, Financial Statement Schedules,
and Reports on Form 8-K</B>

<P align="left">     
(a)  The following documents are filed as part of this
report:

<P align="left"><B>          
<I>1.  Financial Statements:</I></B>

<P align="left">     
The list of financial statements required by this item is set
forth in &#147;Item 8 Consolidated Financial Statements and
Supplementary Data&#148; and is incorporated herein by reference.

<P align="left"><B>          
<I>2.  Financial Statement Schedules:</I></B>

<P align="left">     
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.

<P align="left"><B>          
<I>3.  Exhibits:</I></B>

<P align="left">     
The following exhibits are filed herewith or incorporated by
reference as indicated below.

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 Second Supplemental Indenture, dated as of August 26, 1998,
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 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, Fleet National Bank
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 Second Amended and Restated Credit Agreement, dated as of
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 Paying Agent, The Chase Manhattan Bank, as Administrative Agent,
 Fleet National Bank (successor in interest to BankBoston, N.A.),
 as Syndication Agent, and The Bank of America, National Trust
 &#38; Savings Association, as Documentation Agent</FONT></TD>
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 Exhibit 10.1 to the Company&#146;s Quarterly Report on
 Form 10-Q for the period ended July 31, 1999 (the
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 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, Fleet National
 Bank (successor in interest to BankBoston, N.A.), as Syndication
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 Letter Amendment to the Five-Year Credit Agreement, dated as of
 June 29, 1998, by and among the Company, the Initial Lenders
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  Agent, The Chase Manhattan Bank, as Administrative Agent, Fleet
 National Bank (successor in interest to BankBoston, N.A.), as
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 Savings Association, as Documentation Agent</FONT></TD>
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 Amended and Restated Pooling and Servicing Agreement, dated as of
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 Agreement&#148;), among the Company, Prime Receivables
 Corporation (&#147;Prime&#148;) and The Chase Manhattan Bank,
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 Exhibit 4.10 to Prime&#146;s Current Report on Form 8-K
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 (File No. 0-2118), dated March  29, 1993</FONT></TD>
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Fifth Amendment, dated as of April 30, 1995, to the Pooling and
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Exhibit 10.6.5 to the 1995 Form 10-K</FONT></TD>
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Exhibit 10.6.6 to the 1995 Form 10-K</FONT></TD>
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Seventh Amendment, dated as of May 14, 1996, to the Pooling and
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Exhibit 10.6.7 to the Company’s Annual Report on
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Eighth Amendment, dated as of March 3, 1997, to the Pooling and
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Exhibit 10.1 to the Company’s Quarterly Report on
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Tenth Amendment, dated as of August 3, 1998, to the Pooling and
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 Assumption Agreement under the Pooling and Servicing Agreement,
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 Series 1992-3 Supplement, dated as of January 5, 1993,
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 Series 1996-1 Supplement, dated as of May 14, 1996, to
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 Amended and Restated Pooling and Servicing Agreement dated as of
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 and Servicing Agreement&#148;), between Fingerhut Receivables,
 Inc., as Transferor, Axsys National Bank (formerly Fingerhut
 National Bank), as Servicer, and The Bank of New York (Delaware)
 as Trustee (incorporated by reference to Exhibit  4(d) to
 Fingerhut Receivables, Inc. Registration Statement on
 Form S-1 (File No. 333-45599))</FONT></TD>
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 Abraham &#38; Straus, Inc., Bloomingdale&#146;s, Inc., Burdines,
 Inc., Jordan Marsh Stores Corporation, Lazarus, Inc., Rich&#146;s
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Exhibit 10.13.4 to the 1994 Form 10-K</FONT></TD>
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Ninth Amendment, dated as of March 3, 1997, to the
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First Supplement, dated as of September 15, 1993, to the
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Second Supplement, dated as of May 31, 1994, to the Receivables
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 Exhibit 10.12.7 to the 1995 Form 10-K</FONT></TD>
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 Amended and Restated Purchase Agreement dated as of
 March 18, 1998 between Fingerhut Receivables, Inc., as Buyer
  and Fingerhut Companies, Inc., as Seller (incorporated by
 reference to Exhibit  10(d) to Fingerhut Receivables, Inc.
 Registration Statement on Form S-1 (File
 No. 333-45599))</FONT></TD>
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 Amended and Restated Bank Receivables Purchase Agreement dated as
  of March 18, 1998 between Fingerhut Companies, Inc., as
 Buyer, and Axsys National Bank (formerly Fingerhut National
 Bank), as Seller (incorporated by reference to Exhibit 
 10(e) to Fingerhut Receivables, Inc. Registration Statement (File
  No. 333-45599))</FONT></TD>
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 Depository Agreement, dated as of December 31, 1992, among
 Deerfield Funding Corporation, now known as Seven Hills Funding
 Corporation (&#147;Seven Hills&#148;), the Company, and The Chase
  Manhattan Bank, as Depository</FONT></TD>
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 Exhibit 10.15 to Company&#146;s Annual Report on
 Form 10-K (File No. 1-10951) for the fiscal year ended
 January 30, 1993 (&#147;1992 Form 10-K&#148;)</FONT></TD>
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 Liquidity Agreement, dated as of December  31, 1992, among
 Seven Hills, the Company, the financial institutions named
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 Pledge and Security Agreement, dated as of December 31,
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 as Depository and Collateral Agent, and the Liquidity Agent</FONT></TD>
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 Security Purchase Agreement, dated as of July 30, 1998, by
 and among Fingerhut Receivables, Inc. (the
 &#147;Transferor&#148;), Kitty Hawk Funding Corporation
 (&#147;Kitty Hawk&#148;), Falcon Asset Securitization Corporation
  (&#147;Falcon&#148;), Four Winds Funding Corporation (&#147;Four
  Winds&#148; and, collectively with Kitty Hawk and Falcon, the
 &#147;Conduit Purchasers&#148;), The Bank of America, N.A.
 (&#147;BofA&#148; or the &#147;Administrative Agent&#148;), The
 First National Bank of Chicago (&#147;First Chicago&#148;),
 Norddeutsche Landesbank Girozentrale, New York Branch and/or
 Cayman Island Branch (&#147;Norddeutsche&#148;), and Commerzbank
 Aktiengesellschaft, Chicago Branch (&#147;Commerzbank&#148; and
 collectively with BofA, First Chicago and Norddeutsche, the
 &#147;Alternate Purchasers&#148; and collectively with BofA and
 First Chicago, the &#147;Managing Agents&#148;)</FONT></TD>
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 Exhibit 10.3 to the July 1999 Form 10-Q</FONT></TD>
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 First Amendment Agreement to Fingerhut Receivables, Inc. Security
  Purchase Agreement, dated as of July 29, 1999, by and among
 Fingerhut Receivables, Inc., Kitty Hawk, Falcon, Four Winds, the
 Conduit Purchasers, the Alternate Purchasers and the Managing
 Agents</FONT></TD>
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 Commercial Paper Dealer Agreement, dated as of December 31,
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 Markets, L.P.</FONT></TD>
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 Exhibit 10.18 to 1992 Form 10-K</FONT></TD>
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 Commercial Paper Dealer Agreement, dated as of December 31,
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 Brothers, Inc.</FONT></TD>
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 Receivables Purchase Agreement, dated as of January 22,
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 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</FONT></TD>
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 Class B Certificate Purchase Agreement, dated as of
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 Class B Purchasers Parties thereto and Credit Suisse First
 Boston, New York Branch, as Agent</FONT></TD>
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 Exhibit 10.21 to the 1996 Form 10-K</FONT></TD>
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 Class A Certificate Purchase Agreement, dated as of
 July 6, 1999, by and among Prime II, as Transferor, FDS
 National Bank, as Servicer, The Class A Purchasers, and PNC
 Bank, National Association, as Agent and Administrative Agent</FONT></TD>
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 First Amendment to Class A Certificate Purchase Agreement,
 dated as of August 3, 1999, by and among Prime II, as
 Transferor, FDS National Bank, as Servicer, The Class A
 Purchasers, and PNC Bank, National Association, as Agent and
 Administrative Agent</FONT></TD>
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 Class B Certificate Purchase Agreement, dated as of
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 National Bank, as Servicer, The Class A Purchasers, and PNC
 Bank, National Association, as Agent and Administrative Agent</FONT></TD>
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 First Amendment to Class B Certificate Purchase Agreement,
 dated as of August 3, 1999, by and among Prime II, as
 Transferor, FDS National Bank, as Servicer, The Class A
 Purchasers, and PNC Bank, National Association, as Agent and
 Administrative Agent</FONT></TD>
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 Exhibit 10.9 to the July 1999 Form 10-Q</FONT></TD>
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 Pooling and Servicing Agreement, dated as of January 22,
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 as Trustee</FONT></TD>
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 Series 1997-1 Supplement, dated as of January 22, 1997,
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 Series 1999-1 Variable Funding Supplement, dated as of
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 Commercial Paper Issuing and Paying Agent Agreement, dated as of
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 Commercial Paper Dealer Agreement, dated as of March 12,
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 Co., as Dealer</FONT></TD>
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 Commercial Paper Dealer Agreement, dated as of March 12,
 1999, between the Company, as Issuer, and First Chicago Capital
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 Exhibit 10.3 to the May 1999 Form 10-Q</FONT></TD>
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 Commercial Paper Dealer Agreement, dated as of March 12,
 1999, between the Company, as Issuer, and Chase Securities Inc.,
 as Dealer</FONT></TD>
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 Account Purchase Agreement dated as of May 10, 1991, by and
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 Macy Funding, Macy&#146;s California, Inc., Macy&#146;s
 Northeast, Inc., Macy&#146;s South, Inc., Bullock&#146;s Inc., I.
  Magnin, Inc., Master Servicer, and Macy Specialty Stores, Inc.**</FONT></TD>
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 Exhibit 19.2 to Macy&#146;s Quarterly Report on
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 Amended and Restated Credit Card Program Agreement, dated as of
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 Bank&#148;), FDS National Bank, Macy&#146;s East, Inc.,
 Macy&#146;s West, Inc., Bullock&#146;s, Inc., Broadway Stores,
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 Inc., FACS Group, Inc., and MSS-Delaware, Inc.**</FONT></TD>
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 Exhibit 10.1 to the Company&#146;s Quarterly Report on
 Form 10-Q for the period ended August 3, 1996 (the
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 Amended and Restated Trade Name and Service Mark License
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 Bank and General Electric Capital Corporation (&#147;GE
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 Exhibit 10.2 to the August 1996 Form 10-Q</FONT></TD>
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 FACS Credit Services and License Agreement, dated as of
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 Group, Inc.**</FONT></TD>
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 Exhibit 10.3 to the August 1996 Form  10-Q</FONT></TD>
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 GE Capital Credit Services and License Agreement, dated as of
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 GE Capital/ GE Bank Credit Services Agreement, dated as of
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 Amended and Restated Commercial Accounts Agreement, dated as of
 June 4, 1996, among GE Capital, the Company, FDS National Bank,
 Macy&#146;s East, Inc., Macy&#146;s West, Inc., Bullock&#146;s,
 Inc., Broadway Stores, Inc., FACS Group, Inc. and MSS-Delaware,
 Inc.**</FONT></TD>
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 Exhibit 10.7 to the August 1996 Form  10-Q</FONT></TD>
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 Agreement and Plan of Merger, dated as of February 10, 1999,
  among the Company, Bengal Subsidiary Corporation and Fingerhut
 Companies, Inc. (incorporated by reference to Exhibit (c)(I) of
 the Schedule 14D-1, filed by the Company and Bengal on
 February 18, 1999)</FONT></TD>
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 1992 Executive Equity Incentive Plan*</FONT></TD>
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 Exhibit 10.12 to the Company&#146;s Registration Statement
 on Form 10 filed November 27, 1991, as amended</FONT></TD>
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 1995 Executive Equity Incentive Plan, as amended and restated as
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 Appendix A to the Company&#146;s Proxy Statement on Schedule 14A,
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 1992 Incentive Bonus Plan, as amended and restated as of
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 Form of Indemnification Agreement*</FONT></TD>
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 Senior Executive Medical Plan*</FONT></TD>
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 Exhibit 10.1.7 to the Company&#146;s Annual Report on
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 Employment Agreement, dated as of August  27, 1999, between
 James M. Zimmerman and the Company*</FONT></TD>
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 Employment Agreement, dated as of May 16, 1997, between
 Terry J. Lundgren and the Company*</FONT></TD>
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 Form of Severance Agreement (for Executives and Key Employees
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 Exhibit 10.44 to the Company&#146;s Annual Report on
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 Form of Second Amended and Restated Severance Agreement (for the
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 Supplementary Executive Retirement Plan, as amended and restated
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 Executive Deferred Compensation Plan, as amended*</FONT></TD>
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 Cash Account Pension Plan (amending and restating the Company
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 Consent of KPMG LLP</FONT></TD>
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 Constitutes a compensatory plan or arrangement.</TD>
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 Confidential portions of this Exhibit were omitted and filed
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 Exchange Act.</TD>
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 Current report on Form 8-K, dated December 6, 1999,
 reporting matters under items 5 and 7 thereof.</TD>
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<P align="center"><B>SIGNATURES</B>

<P align="left">    
<FONT size="2">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.</FONT>
<P>

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 <FONT size="2">FEDERATED DEPARTMENT STORES, INC.</FONT></TD>
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 <TD> </TD>
 <TD><FONT size="2">By: </FONT></TD>
 <TD align="center">
 <FONT size="2">/s/ DENNIS J. BRODERICK</FONT></TD>
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<TR valign="top">
 <TD> </TD>
 <TD align="center">
 <FONT size="2">Dennis J. Broderick</FONT></TD>
</TR>

<TR valign="top">
 <TD> </TD>
 <TD align="center">
 <I><FONT size="2">Senior Vice President, General Counsel and
 Secretary</FONT></I></TD>
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<DIV align="left">
<FONT size="2">Date: April 19, 2000</FONT>
</DIV>

<P align="left">    
<B><FONT size="2">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 19, 2000.</FONT></B>

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 <TD align="center" nowrap><FONT size="2"><B>Title</B></FONT></TD>
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<TR>
 <TD align="center" valign="top"><FONT size="2">
 *<BR>
 <HR size="1">James M. Zimmerman</FONT></TD>
 <TD></TD>
 <TD align="left" valign="top"><FONT size="2">
 Chairman of the Board and Chief Executive Officer (principal
 executive officer) and Director</FONT></TD>
</TR>

<TR>
 <TD align="center" valign="top"><FONT size="2">
 *<BR>
 <HR size="1">Terry J. Lundgren</FONT></TD>
 <TD></TD>
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 President and Chief Merchandising Officer and Director</FONT></TD>
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*
<HR size="1">Ronald W. Tysoe</FONT></TD>
<TD></TD>
<TD align="left" valign="top"><FONT size="2">
Vice Chairman, Finance and Real Estate and Director</FONT></TD>
</TR>

<TR>
<TD align="center" valign="top"><FONT size="2">
*
<HR size="1">Karen M. Hoguet</FONT></TD>
<TD></TD>
<TD align="left" valign="top"><FONT size="2">
Senior Vice President and Chief Financial Officer</FONT></TD>
</TR>

<TR>
<TD align="center" valign="top"><FONT size="2">
*
<HR size="1">Joel A. Belsky</FONT></TD>
<TD></TD>
<TD align="left" valign="top"><FONT size="2">
Vice President and Controller (principal accounting officer)</FONT></TD>
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<TD align="center" valign="top"><FONT size="2">
*
<HR size="1">Meyer Feldberg</FONT></TD>
<TD></TD>
<TD align="left" valign="top"><FONT size="2">
Director</FONT></TD>
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*
<HR size="1">Earl G. Graves, Sr.</FONT></TD>
<TD></TD>
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Director</FONT></TD>
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*
<HR size="1">George V. Grune</FONT></TD>
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Director</FONT></TD>
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<TD align="center" valign="top"><FONT size="2">
*
<HR size="1">Sara Levinson</FONT></TD>
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Director</FONT></TD>
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<TD align="center" valign="top"><FONT size="2">
*
<HR size="1">Joseph Neubauer</FONT></TD>
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Director</FONT></TD>
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<TD align="center" valign="top"><FONT size="2">
*
<HR size="1">Joseph A. Pichler</FONT></TD>
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Director</FONT></TD>
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*
<HR size="1">Karl M. von der Heyden</FONT></TD>
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Director</FONT></TD>
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 <HR size="1">Craig E. Weatherup</FONT></TD>
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 Director</FONT></TD>
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<TR>
 <TD align="center" valign="top"><FONT size="2">
 *<BR>
 <HR size="1">Marna C. Whittington</FONT></TD>
 <TD></TD>
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 Director</FONT></TD>
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<P align="left">    
<FONT size="2">* 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.</FONT>
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 <FONT size="2">/s/ DENNIS J. BRODERICK</FONT></TD>
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 <FONT size="2">Dennis J. Broderick</FONT></TD>
</TR>

<TR valign="top">
 <TD> </TD>
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 <I><FONT size="2">Attorney-in-Fact</FONT></I></TD>
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<P align="center"><B>INDEX TO CONSOLIDATED FINANCIAL STATEMENTS</B>

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 Consolidated Balance Sheets at January 29, 2000, and
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 Consolidated Statements of Changes in Shareholders&#146; Equity
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<P align="center"><B>MANAGEMENT’S REPORT</B>

<P align="left">To the Shareholders of

<DIV align="left">
Federated Department Stores, Inc.:
</DIV>

<P align="left">
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.

<P align="left">
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.

<P align="left">
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.

<P align="left">
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.

<P align="left">
James M. Zimmerman

<DIV align="left">
Chairman and Chief Executive Officer
</DIV>

<P align="left">
Karen M. Hoguet

<DIV align="left">
Senior Vice President, Chief Financial Officer
</DIV>

<P align="left">
Joel A. Belsky

<DIV align="left">
Vice President and Controller
</DIV>

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<P align="center"><B>INDEPENDENT AUDITORS’ REPORT</B>

<P align="left">The Board of Directors and Shareholders

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Federated Department Stores, Inc.:
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We have audited the accompanying consolidated balance sheets of
Federated Department Stores, Inc. and subsidiaries as of
January 29, 2000 and January 30, 1999, and the related
consolidated statements of income, changes in shareholders&#146;
equity and cash flows for the fifty-two week periods ended
January 29, 2000, January 30, 1999 and January 31,
 1998. 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.

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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.

<P align="left">     
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 29, 2000 and January 30, 1999, and the results
of their operations and their cash flows for the fifty-two week
periods ended January 29, 2000, January 30, 1999 and
January 31, 1998, in conformity with generally accepted
accounting principles.
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 KPMG LLP</TD>
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Cincinnati, Ohio

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February 22, 2000
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<!-- PAGEBREAK -->
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<P align="center"><B>FEDERATED DEPARTMENT STORES, INC.</B>

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<B>CONSOLIDATED STATEMENTS OF INCOME</B>

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<B>(millions, except per share data)</B>

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

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<B>CONSOLIDATED BALANCE SHEETS</B>

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<B>(millions)</B>

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

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

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 Net cash provided (used) by financing activities</FONT></TD>
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 Interest paid</FONT></TD>
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 Income taxes paid (net of refunds received)</FONT></TD>
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<P align="left">     
The accompanying notes are an integral part of these Consolidated
 Financial Statements.

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<H5 align="left"><A HREF="#toc">Table of Contents</A></H5><P>

<P align="center"><B>FEDERATED DEPARTMENT STORES, INC.</B>

<P align="center">
<B>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</B>

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<P align="left"><B>1.  Organization and Summary of Significant Accounting
Policies</B>

<P align="left">     
Federated Department Stores, Inc. (the &#147;Company&#148;) is a
retail organization operating department stores and
direct-to-customer businesses that sell a wide range of products
and services, including men&#146;s, women&#146;s, and
children&#146;s apparel and accessories, cosmetics, home
furnishings and other consumer goods.

<P align="left">     
The Consolidated Financial Statements include the accounts of the
 Company and its wholly-owned subsidiaries. The Company from time
 to time invests in companies engaged in complementary
businesses. Investments in companies in which the Company has the
 ability to exercise significant influence, but not control, are
accounted for by the equity method. All other investments are
carried at cost. The Company&#146;s investments in companies
engaged in complementary businesses amounted to approximately
$126 million at January 29, 2000. There were no such
```

investments at January 30, 1999. 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.

<P align="left">
Cash includes cash and liquid investments with original
maturities of three months or less.

<P align="left">
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.

<P align="left">
Substantially all department store merchandise inventories are
valued by the retail method and stated on the LIFO (last-in,
first-out) basis, which is generally lower than market.
Direct-to-customer merchandise inventories are stated at the
lower of FIFO (first-in, first-out) cost or market.

<P align="left">
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, 3 to
15 years for fixtures and equipment and 2 to 5 years
for capitalized software. 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.

<P align="left">
Intangible assets are amortized on a straight-line basis over
their estimated lives (see Note 7). 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.

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<B>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – Continued
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<P align="left">
Advertising and promotional costs amounted to
$1,219 million, $739 million and $680 million for the
52 weeks ended January 29, 2000, January 30, 1999
and January 31, 1998, respectively. Direct response
advertising and promotional costs are deferred and expensed over
the period during which the sales are expected to occur,
generally one to four months. Non-direct response advertising and
promotional costs are expensed as incurred.

<P align="left">
Financing costs are amortized over the life of the related debt.

<P align="left">
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.

<P align="left">
The cost of postretirement benefits other than pensions is recognized in the financial statements over an employee’s term of service with the Company.

<P align="left">
The Company accounts for its stock-based employee compensation plan in accordance with Accounting Principles Board (“APB”) Opinion No. 25 and related interpretations (see Note 13).

<P align="left">
Earnings per share are computed in accordance with Statement of Financial Accounting Standards (“SFAS”) No. 128 “Earnings Per Share” (see Note 17).

<P align="left">
Certain reclassifications were made to prior years’ amounts to conform with the classifications of such amounts for the most recent year.

<P align="left">
In 1998, the Financial Accounting Standards Board issued SFAS No. 133, “Accounting for Derivative Instruments and Hedging Activity,” which is effective for fiscal years beginning after June 15, 2000. 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 hedging designation, if any. Based on the Company’s minimal use of derivatives, management does not anticipate that the adoption of this statement will have a material impact on the Company’s consolidated financial position, results of operations or cash flows.

<P align="left"><B>2. Acquisition</B>

<P align="left">
On March 18, 1999, the Company purchased Fingerhut Companies, Inc. (“Fingerhut”), for a purchase price of approximately $1,720 million, including the assumption of $125 million of debt.

<P align="left">
The Fingerhut acquisition is being accounted for under the purchase method of accounting. Accordingly, the Company’s results of operations do not include Fingerhut’s results of operations for any period prior to March 18, 1999 and the purchase price has been allocated to Fingerhut’s assets and liabilities based on the estimated fair value of these assets and liabilities as of March 18, 1999.

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<P align="left"><B>3. Extraordinary Items</B>

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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 a debt
 prepayment.

<P align="left">     
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 debt
prepayments.

<P align="left"><B>4.  Accounts Receivable</B>

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Sales through the Company&#146;s credit plans were
$5,726 million, $4,028 million and $4,002 million for
the 52 weeks ended January 29, 2000, January 30,
1999 and January 31, 1998, respectively. The credit plans
relating to certain operations of the Company are owned by a
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third party.

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Finance charge income amounted to $465 million,
$345 million and $391 million for the 52 weeks ended
January 29, 2000, January 30, 1999 and January 31,
1998, respectively.

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Changes in allowance for doubtful accounts are as follows:

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<P align="left"><B>5.  Inventories</B>

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Merchandise inventories were $3,589 million at
January 29, 2000, compared to $3,259 million at
January 30, 1999. At these dates, the cost of department
store 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 29, 2000, January 30,
1999 or January 31, 1998.

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 Buildings on leased land and leasehold improvements</FONT></TD>
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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.

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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. Certain of the
Company’s real estate leases have terms that extend for

significant numbers of years and provide for rental rates that increase over time. In addition, certain of these leases contain covenants that restrict the ability of the tenant (typically a subsidiary of the Company) to take specified actions (including the payment of dividends or other amounts on account of its capital stock) unless the tenant satisfies certain financial tests.

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Minimum rental commitments (excluding executory costs) at January 29, 2000, for noncancellable leases are:

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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
($55 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
$4 million on capitalized leases and $21 million on
operating leases.

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Rental expense consists of:

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 Real estate (excluding executory costs)</FONT></TD>
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 Capitalized leases &#150;</FONT></TD>
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Goodwill is being amortized on a straight-line basis over its
estimated useful life, ranging from 20 to 40 years.
Identifiable intangibles include tradenames, customer lists and
credit files and are being amortized on a straight-line basis
over their estimated useful lives, ranging from 7 to 40 years.

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 Interest on capitalized leases</FONT></TD>
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 Less interest capitalized on construction</FONT></TD>
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Future maturities of long-term debt, other than capitalized
leases are shown below:

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 2001</FONT></TD>
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 2003</FONT></TD>
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 2004</FONT></TD>
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 2005</FONT></TD>
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 After 2005</FONT></TD>
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<P align="left">     
The Company funded the acquisition of Fingerhut through a
combination of cash on hand and short-term borrowings. During
1999, the Company issued $350 million of 6.3% Senior Notes
due 2009 and $400 million of 6.9% Senior Debentures due
2029, the proceeds of which were used to refinance a portion of
the short-term borrowings used by the Company to acquire
Fingerhut. The Company repaid debt of $650 million in 1999,
consisting principally of $490 million of receivables backed
```

financings and the $125 million of Senior Notes assumed in
the Fingerhut acquisition.

<P align="left">
In 1999, the Company took certain actions which resulted in the
consolidation of the Fingerhut Master Trust for financial
reporting purposes. The principal assets and liabilities of the
Fingerhut Master Trust consisted of accounts receivable
transferred by Fingerhut to the Trust in transactions treated as
sales under SFAS No. 125, “Accounting for Transfers and
Servicing of Financial Assets and Extinguishments of
Liabilities,” and the related debt issued by the Trust. As a
result of the Company’s actions, the transfer of
receivables and debt are being treated as secured borrowings as
of and subsequent to July 31, 1999. These actions increased
the Company’s consolidated net assets and debt by
$1,132 million at July 31, 1999 and by
$1,300 million at January 29, 2000.

<P align="left">
The following summarizes certain components of the Company’s
debt:

<P align="left"><B>Receivables Backed Financings</B>

<P align="left">
Receivables backed financings classified as short-term debt
consist of current amounts due under certain receivables backed
certificates issued by subsidiaries of the Company together with
receivables backed commercial paper issued by subsidiaries of the
Company (of which $372 million and none were outstanding as
of January 29, 2000 and January 30, 1999,
respectively). Receivables backed financings classified as
long-term debt consist of receivables backed certificates issued
by subsidiaries of the Company, which certificates represent
undivided interests in master trusts originated by such
subsidiaries, and bear interest at both fixed and floating rates.
The majority of the certificates bear interest at fixed rates
ranging from 6.07% to 6.90% and a portion of the certificates
bear interest at a floating rate based on LIBOR. The receivables
backed financings classified as long-term debt at
January 29, 2000 have maturity dates between
February 2001 and April 2004.

<P align="left"><B>Bank Credit Agreements</B>

<P align="left">
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

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<P align="left">
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.

<P align="left">
As of January 29, 2000 and January 30, 1999, there were
no revolving credit loans outstanding under the Revolving Loan
Facilities. However, there were $31 million and
$69 million of letters of credit outstanding under the
Revolving Loan Facilities at January 29, 2000 and
January 30, 1999, respectively. Revolving loans under the
Revolving Loan Facilities bear interest based on published rates.

<P align="left"><B>Commercial Paper</B>

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<P align="left">     
The Company established a $2,000 million program 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&#146;s borrowing capacity under the Revolving Loan
Facilities by an amount equal to the principal amount of such
commercial paper. As of January 29, 2000, there was
$393 million of such commercial paper outstanding. As of
January 30, 1999, there was no such commercial paper
outstanding.

<P align="left"><B>Senior Notes and Debentures</B>

<P align="left">     
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.

<P align="left"><B>Term Enhanced ReMarketable Securities (&#147;TERMS&#148;)</B>

<P align="left">     
The TERMS are unsecured obligations of the Company. The final
maturity is scheduled to occur on September 1, 2011
(&#147;Final Maturity&#148;), but may be adjusted during the
remarketing process. The TERMS will bear interest at the rate of
6.125% per annum to September 1, 2001 (&#147;Investor
Maturity Date&#148;). 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&#146;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.

<P align="left"><B>Other Financing Arrangements</B>

<P align="left">     
In addition to the financing arrangements discussed above, the
Company entered into arrangements providing for off balance sheet
 financing of up to $500 million of non-proprietary credit
card receivables arising under accounts owned by the Company. At
January 29, 2000 and January 30, 1999,
$423 million and $340 million, respectively, of
borrowings were outstanding under these arrangements.

<P align="left">     
There were also $67 million of letters of credit outstanding
 at January 29, 2000. There were no such letters of credit
outstanding at January 30, 1999.

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<P align="left"><B>9.  Accounts Payable and Accrued Liabilities</B>

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Merchandise and expense accounts payable</FONT></TD>
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Liabilities to customers</FONT></TD>
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<P align="left"><B>10.  Taxes</B>

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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 29, 2000,
January 30, 1999 and January 31, 1998, to income before
 income taxes and extraordinary items. The reasons for this
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 Excess of book basis over tax basis of property and equipment</FONT></TD>
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 Prepaid pension expense</FONT></TD>
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 Total gross deferred tax liabilities</FONT></TD>
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 Net deferred tax liability</FONT></TD>
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As of January 29, 2000, the Company had net operating loss
carryforwards of approximately $216 million which are
available through 2009.

<P align="left"><B>11.  Retirement Plans</B>

<P align="left">     
The Company has defined benefit plans (&#147;Pension Plans&#148;)
 and defined contribution plans (&#147;Savings Plans&#148;) which
 cover substantially all employees who work 1,000 hours or more
in a year. In addition, the Company has defined benefit
supplementary retirement plans which include benefits, for
certain employees, in excess of qualified plan limitations. For
the 52 weeks ended January 29, 2000, January 30,
1999 and January 31, 1998, net retirement expense for these
plans totaled $53 million, $30 million and
$35 million, respectively.

<P align="left">     
Measurement of plan assets and obligations for the Pension Plans
and the defined benefit supplementary retirement plans 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 7.75% as of December
31, 1999 and 6.75% as of December 31, 1998. The assumed
weighted average rate of increase in future compensation levels
under such plans was 5.0% as of December 31, 1999 and
December 31, 1998. The long-term rate of return on assets
(Pension Plans only) was 9.75% as of December 31, 1999 and
December 31, 1998.

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<P align="left"><B>Pension Plans</B>

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The following provides a reconciliation of benefit obligations,
plan assets and funded status of the Pension Plans as of
December 31, 1999 and 1998:

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 Change in projected benefit obligation</FONT></TD>
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 Projected benefit obligation, beginning of year</FONT></TD>
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 Projected benefit obligation, end of year</FONT></TD>
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Fair value of plan assets, beginning of year</FONT></TD>
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Actual return on plan assets</FONT></TD>
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Net pension costs for the Company&#146;s Pension Plans included
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<P align="left">     
In connection with programs to modify certain health care
benefits for future retirees at one division, the Company
incurred $3 million during the 52 weeks ended
January 29, 2000 and $9 million during the
52 weeks ended January 31, 1998 of special termination
benefits to eligible employees who elected to retire within a
specified time period.

<P align="left">     
As permitted under SFAS No. 87, &#147;Employers&#146;
Accounting for Pensions,&#148; 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 Plans.

<P align="left">     
The Company&#146;s policy is to fund the Pension Plans at or
above the minimum required by law. For the 1999 plan year, a
$1 million funding contribution is required by
September 15, 2000. For the 1998 plan year, no funding
contribution was required or made. Plan assets are held by
independent trustees.

<P align="left"><B>Supplementary Retirement Plans</B>

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The following provides a reconciliation of benefit obligations,
plan assets and funded status of the supplementary retirement
plans as of December 31, 1999 and 1998:

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The accumulated benefit obligation for the supplementary
retirement plans was $91 million and $99 million as of
December 31, 1999 and December 31, 1998, respectively.

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

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<P align="left">     
As permitted under SFAS No. 87, &#147;Employers&#146;
Accounting for Pensions,&#148; 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 plans.

<P align="left"><B>Savings Plans</B>

<P align="left">     
Certain savings plans include voluntary savings features which
are eligible for employer matching contributions and others are
subject to discretionary profit sharing contributions. Expense
for the Savings Plans amounted to $44 million for the
52 weeks ended January 29, 2000, $24 million for
the 52 weeks ended January 30, 1999 and
$20 million for the 52 weeks ended January 31,
1998.

<P align="left"><B>Deferred Compensation Plan</B>

<P align="left">     
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 29, 2000, January 30, 1999 and
 January 31, 1998, the liability under the plan, which is
reflected in other liabilities, was $26 million,
$21 million, and $17 million, respectively. Expense for
```

the 52 weeks ended January 29, 2000, 52 weeks
ended January 30, 1999, and 52 weeks ended
January 31, 1998, was immaterial.

<P align="left"><B>12. Postretirement Health Care and Life Insurance
Benefits</B>

<P align="left">
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.

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plan assets and funded status of the postretirement obligations
as of December 31, 1999 and 1998:

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The discount rate used in determining the actuarial present value
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of unfunded postretirement benefit obligations was 7.75% as of December 31, 1999 and 6.75% as of December 31, 1998.

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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

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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 6.5% to 9.0% 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, 1999 by $9 million and the net periodic postretirement benefit expense for 1999 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, 1999 by $9 million and the net periodic postretirement benefit expense for 1999 by $1 million.

<P align="left">
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.

<P align="left"><B>13. Equity Plan</B>

<P align="left">
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.

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Stock option transactions are as follows:

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<P align="left">     
As of January 29, 2000, 8.9 million shares of Common
Stock were available for additional grants pursuant to the
Company&#146;s equity plan, of which 462,300 shares were
available for grant in the form of restricted stock. During the
52 weeks ended January 29, 2000, 212,600 shares of Common
```

Stock were granted in the form of restricted stock at market values ranging from $39.25 to $46.75 vesting ratably over a four-year period. No shares of Common Stock were granted in the form of restricted stock during the 52 weeks ended January 30, 1999. 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 vesting ratably over a three-year period. 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.

<P align="left">
The Company applies APB 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 SFAS No. 123, “Accounting for Stock-Based Compensation,” for options 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:

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 <TD align="right" valign="bottom"><FONT size="2">$</FONT></TD>
 <TD align="right" valign="bottom" nowrap><FONT size="2">536</FONT></TD>
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 As Reported</FONT></TD>
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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:

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 Dividend yield</FONT></TD>
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 Expected life</FONT></TD>
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<P align="left"><B>14.  Shareholders&#146; Equity</B>

<P align="left">     
The authorized shares of the Company consist of
125.0 million shares of preferred stock (&#147;Preferred
Stock&#148;), 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 252.9 million shares of Common Stock issued
 and 213.5 million shares of Common Stock outstanding at
January 29, 2000 and 242.2 million shares of Common
Stock issued and 208.5 million shares of Common Stock
outstanding at January 30, 1999 (with shares held in the
Company&#146;s treasury or by subsidiaries of the Company being
treated as issued, but not outstanding).

<P align="left">     
The Company purchased 5.6 million shares of its Common Stock
 in 1999 at an approximate cost of $267 million and
12.8 million shares of its Common Stock in 1998 at an
approximate cost of $591 million, under a stock repurchase
program. On January 27, 2000, the Board of Directors
approved a new stock repurchase program which authorizes the
Company to purchase up to $500 million of its Common Stock.
The Company may from time to time commence, continue or suspend
repurchases of shares under the repurchase program, depending on
prevailing market conditions, alternate uses of capital and other
 factors.

<P align="left">     
In 1999, the Company issued 9.0 million shares of its Common
 Stock upon the exercise of the Company&#146;s Series C
Warrants.

<P align="left"><B>Common Stock</B>

<P align="left">     
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.

<P align="left"><B>Preferred Share Purchase Rights</B>

<P align="left">     
Each share of Common Stock is accompanied by one right (a
&#147;Right&#148;) 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 &#147;Series A Preferred Shares&#148;),
of the Company at a price (the &#147;Purchase Price&#148;) of
$62.50 per one one-hundredth of a Series A Preferred Share
(subject to adjustment).

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<P align="left">     
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
&#147;Acquiring Person&#148;). 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
December 19, 2004 unless earlier redeemed by the Company at
a redemption price of $.03 per Right (subject to adjustment).

<P align="left"><B>Future Stock Issuances</B>

<P align="left">     
The Company is authorized to issue 9.0 million shares of
Common Stock (subject to adjustment) upon the exercise of the
Company&#146;s Series D Warrants. The Series D Warrants
 have an exercise price of $29.92 and expire on December 19,
2001.

<P align="left">     
In February 2000, the Company issued 1.0 million shares
 of Common Stock and received $35 million in proceeds from
the exercise of the Company&#146;s Series B Warrants, which
expired on February 15, 2000.

<P align="left"><B>Treasury Stock</B>

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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.

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Changes in the number of shares held in the treasury are as
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<P align="left">     
Additions to treasury stock for restricted stock and the deferred
 compensation plans 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.

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<P align="left">     
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:

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<P align="left"><B>15.  Financial Instruments and Concentrations of Credit
Risk</B>

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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:

<P align="left"><B>  </B><I>Cash and short-term investments</I>

<P align="left">     
The carrying amount approximates fair value because of the short
maturity of these instruments.
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<P align="left"><B>  </B><I>Accounts receivable</I>

<P align="left">     
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.

<P align="left"><B>  </B><I>Long-term debt</I>

<P align="left">     
The fair values of the Company&#146;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&#146;s current incremental
borrowing rates for similar types of borrowing arrangements.

<P align="left"><B>  </B><I>Interest rate cap agreements</I>

<P align="left">     
The fair values of the interest rate cap agreements are estimated
 based on current settlement prices of comparable contracts
obtained from dealer quotes.

<P align="left"><B>  </B><I>Interest rate swap agreements</I>

<P align="left">     
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.

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The estimated fair values of certain financial instruments of the
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<P align="left">
The interest rate cap agreements are used, in effect, to hedge
interest rate risk related to a portion of the 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.

<P align="left">
The interest rate swap agreements are used, in effect, to hedge
interest rate risk related to a portion of the debt outstanding
under the Company’s Receivables Backed Financings. The
notional amount of the interest rate swap agreements amortize
down to zero in tandem with a portion of the debt outstanding
under the Company’s Receivables Backed Financings.

<P align="left">
Commitments to extend credit under revolving agreements relate
primarily to the aggregate unused credit limits and unused lines
of credit extended to customers under 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.

<P align="left">
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.

<P align="left"><B>16. Segment Data</B>

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The Company conducts its business through two segments,
department stores and direct-to-customer. The department store
segment sells a wide range of merchandise, including men’s,
women’s and children’s apparel and accessories,
cosmetics, home furnishings and other consumer goods. The
direct-to-customer segment (Fingerhut, Bloomingdale’s By
Mail, Macy’s By Mail, macys.com and certain other direct
marketing activities) sells a broad range of products and
services directly to consumers via catalogs, direct marketing and
the Internet. “Corporate and other” consists of the
assets and liabilities, and related income or expense, associated
with the corporate office and certain items managed on a
company-wide basis (e.g., intangibles, financial instruments,
investments, income taxes, retirement benefits and properties
held for sale or disposition).

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The financial information for each segment is reported on the
basis used internally by the Company to evaluate performance and
allocate resources. Prior year operating segment results have not
been restated to conform to the current presentation as it is
not practicable to do so.

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In addition to the warrants and stock options reflected in the
foregoing table, warrants and stock options to purchase
4.7 million, 4.7 million and 0.2 million shares of
common stock at prices ranging from $41.50 to $79.44 per share
were outstanding at January 29, 2000, January 30, 1999
and January 31, 1998, 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.

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Exhibit 10.46

FEDERATED DEPARTMENT STORES, INC.

1992 INCENTIVE BONUS PLAN

(AS AMENDED AND RESTATED AS OF DECEMBER 10, 1999)

Federated Department Stores, Inc., a Delaware corporation (the "Company"), hereby amends and restates this 1992 Incentive Bonus Plan (this "Bonus Plan") effective, subject to the provisions of Section 14, as of December 10, 1999.

1. PURPOSE. The purpose of this Bonus Plan is to promote the attainment of the Company's performance goals by providing incentive compensation for certain designated key executives and employees of the Company and its Subsidiaries.

2. DEFINITIONS. As used in this Bonus Plan, the following terms have the following meanings when used herein with initial capital letters:

(a) "Annual Incentive Award" means the incentive bonus earned by a Participant pursuant to Section 5.

(b) "Board" means the Board of Directors of the Company or, pursuant to any delegation by the Board to the Compensation Committee pursuant to Section 12, the Compensation Committee.

(c) "Chief Executive Officer" means the Chief Executive Officer of the Company.

(d) "Chief Operating Officer" means the Chief Operating Officer of the Company.

(e) "Chief Merchandising Officer" means the Chief Merchandising Officer of the Company.

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

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

(h) "Covered Employee" means a Participant who is, or is determined by the Board to be likely to become, a "covered employee" within the meaning of Section 162(m) of the Code (or any successor provision).

(i) "Long-Term Incentive Award" means the incentive bonus, if any, earned by a Participant pursuant to Section 6.

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

(k) "Operating Unit" means the Company as a whole and each other individual subsidiary, division, store, or other business unit of the Company in which individuals employed thereby or therein have been approved to participate in this Bonus Plan by the Board.

(l) "Participant" means a person who is designated by the Chief Executive Officer, the Chief Operating Officer, or the Chief Merchandising Officer, with the approval of the Board, to receive benefits under this Bonus Plan and who is at the time an officer, executive, or other employee of the Company or any one or more of its Subsidiaries, or who has agreed to commence serving in any of such capacities.

(m) "Performance Goal" means the target level of performance for each Performance Period for the Company as a whole and for each Operating Unit of the Company and, where applicable, for an individual Participant, in each case as established by the Board pursuant to Section 4. The Performance Goals applicable to any Annual Incentive Award or Long-Term Incentive Award made to a Covered Employee will be based solely upon one or more of the following measures of performance:

(1) total sales;

(2) comparable store sales;

(3) gross margin;

(4) operating or other expenses;

(5) earnings before interest and taxes ("EBIT");

(6) earnings before interest, taxes, depreciation and amortization;

(7) net income;

(8) earnings per share;

(9) cash flow;

(10) return on investment (determined with reference to one or more categories of income or cash flow and one or more categories of assets, capital or equity); and

(11) stock price appreciation.

Such Performance Goals may be expressed with respect to the Company or one or more other Operating Units and may be expressed in terms of absolute levels or percentages or ratios expressing relationships between two or more of the foregoing measures of performance (e.g., EBIT as a percentage of total sales), period-to-period changes, relative to business plans or budgets, or relative to one or more other companies or one or more indices. The two immediately preceding sentences are intended to comply with the exception from Section 162(m) of the Code for qualified performance-based compensation, and will be construed, applied, and administered accordingly.

(n) "Performance Period" means, in the case of determining Annual Incentive Awards pursuant to Section 5, one fiscal year of the Company, and in the case of determining Long-Term Incentive Awards pursuant to Section 6, a period determined by the Board not longer than five consecutive fiscal years of the Company. The initial Performance Period under this Bonus Plan in either case will commence on February 2, 1992 and terminate, in the case of Annual Incentive Awards and Long-Term Incentive Awards, on such date or dates as the Board may determine. Any new Performance Period in each case would commence on the first day of each fiscal year of the Company.

(o) "Retirement" means a Participant's voluntary termination of employment with the Company on or after attainment of age 65, or such other age as may from time to time be established as the normal retirement date under the Company's principal retirement benefit plan in which the Participant is a participant, and before being informed by the Company that his or her employment will be terminated.

(p) "Rule 16b-3" means Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended (or any successor rule substantially to the same effect), as in effect from time to time.

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

3. ELIGIBILITY. (a) Except as otherwise provided in this Section 3, an employee of the Company or one of its Subsidiaries will become a Participant for a particular Performance Period (i) in respect of Annual Incentive Awards if such employee (x) is an executive of the Company (including without limitation a store principal, general merchandise manager, divisional merchandise manager, store manager, senior vice president, or other vice president or elected officer of the Company or another Operating Unit) on or as of the first day of the Performance Period, (y) is recommended for participation by the Chief Executive Officer, the Chief Operating Officer, or the Chief Merchandising Officer or any designee thereof, and (z) is approved as a Participant by the Board, and (ii) in respect of Long-Term Incentive Awards if such employee has overall responsibility for day-to-day and long-term achievement of results of the Company or is in a key broad-based strategy formulation and decision-making position of the Company or another Operating Unit selected by the Board to participate in this Bonus Plan, in each case as specifically determined by the Chief Executive Officer, the Chief Operating Officer, or the Chief Merchandising Officer and approved by the Board on or as of the first day of the Performance Period.

(b) An executive employee who first becomes eligible to participate after the beginning of a particular Performance Period will become a Participant for such Performance Period only in accordance with this Section 3(b). The Chief Executive Officer, the Chief Operating Officer, or the Chief Merchandising Officer may, with the approval of the Board, allow participation for a portion of such Performance Period for such employee on such terms and conditions as the Chief Executive Officer, the Chief Operating Officer, or the Chief Merchandising Officer (with such approval) may determine. In the event that at any time during any Performance Period with respect to Annual Incentive Awards an executive employee is first hired by the Company or a Subsidiary, or is promoted by the Company or any such Subsidiary to a position in a different Operating Unit and as a result thereof becomes eligible to participate in this Bonus Plan, then, except as otherwise determined by the Board or as otherwise provided in Section 10, such employee will be entitled to be a Participant for purposes of Annual Incentive Awards, which will be prorated on the basis of the number of months of such employee's participation during such Performance Period to the aggregate number of months in such Performance Period. In the event that within the first thirty months of any Performance Period with respect to Long-Term Incentive Awards an executive employee is first hired by the Company or a Subsidiary, or is promoted by the Company or any such Subsidiary to a position in a different Operating Unit and as a result thereof becomes eligible to participate in this Bonus Plan, then, except as otherwise determined by the Board or as otherwise provided in Section 10, such employee will be entitled to be a Participant for purposes of Long-Term Incentive Awards, which will be prorated on the basis of the ratio of the number of months of such employee's participation during such Performance Period to the aggregate number of months in such Performance Period.

(c) The Board may, in its discretion, allow an executive employee who is not otherwise eligible to participate in this Bonus Plan to be treated as a Participant for all or a portion of any Performance Period on such basis as the Board may determine.

4. PERFORMANCE GOALS. (a) The Board will approve for each Performance Period the applicable Performance Goals for the Company and each other Operating Unit, as well as for individual Participants in this Bonus Plan, where appropriate, based upon the consolidated business plan of the Company. Such Performance Goals will not be adjusted during a Performance Period, except that such Performance Goals may be so adjusted to prevent dilution or enlargement of any

Annual Incentive Award or Long-Term Incentive Award as a result of extraordinary events or circumstances as determined by the Board or to exclude the effects of extraordinary, unusual or nonrecurring events, changes in accounting principles, discontinued operations, acquisitions, divestitures and material restructuring charges; provided, however, in the case of a Covered Employee, that no such adjustment will be made if the effect of such adjustment would be to cause the related compensation to fail to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code.

(b) Prior to the beginning of each Performance Period, the Chief

Executive Officer, the Chief Operating Officer, or the Chief Merchandising Officer or any designee thereof will (i) notify each eligible employee who has been selected to participate in this Bonus Plan that he or she is a Participant under this Bonus Plan for such Performance Period and (ii) communicate in writing to each Participant the minimum, maximum, and target Performance Goals applicable to such Participant for the Company and each other Operating Unit for such Performance Period, and the corresponding minimum, maximum, and target levels of Annual Incentive Awards and Long-Term Incentive Awards for performance by the Participant with respect to such Performance Goals.

5. ANNUAL INCENTIVE AWARDS. (a) Subject to Section 4, unless changed by the Board, each eligible Participant may earn Annual Incentive Awards as hereinafter provided. Each Operating Unit's actual performance during a particular Performance Period will be measured against the Performance Goals established therefor by the Board in accordance with Section 4. In the event such Operating Unit's performance for the Performance Period (A) is below the minimum Performance Goal established therefor, no Annual Incentive Awards will be paid to Participants in respect thereof, (B) is equal to the minimum Performance Goal established therefor, the minimum level of Annual Incentive Awards will be paid to Participants in respect thereof, (C) is equal to the target Performance Goal established therefor, the target level of Annual Incentive Awards will be paid to Participants in respect thereof, (D) is equal to or greater than the maximum Performance Goal established therefor, the maximum level of Annual Incentive Awards will be paid to Participants in respect thereof, and (E) is between any two of the Performance Goal levels described in the immediately preceding clauses (B), (C), and (D), the level of Annual Incentive Awards to be paid to Participants in respect thereof will be a level interpolated by the Board between the corresponding levels of Annual Incentive Awards paid in respect of such Performance Goal levels.

(b) Except in the case of a Covered Employee, the Annual Incentive Award determined pursuant to Section 5(a) may be modified by the Board to recognize a Participant's individual performance or in other circumstances deemed appropriate by the Board.

(c) Notwithstanding any other provision of this Bonus Plan to the contrary, in no event will an Annual Incentive Award paid to any Participant for a fiscal year exceed $2.0 million.

6. LONG-TERM INCENTIVE AWARDS. (a) Unless changed by the Board, each eligible Participant may earn Long-Term Incentive Awards as hereinafter provided. Each Operating Unit's actual performance during a particular Performance Period will be measured against the Performance Goals established therefor by the Board in accordance with Section 4. In the event such Operating Unit's performance for such Performance Period (A) is below the minimum Performance Goal established therefor, no Long-Term Incentive Awards will be paid to Participants in respect thereof, (B) is equal to the minimum Performance Goal established therefor, the minimum level of Long-Term Incentive Awards will be paid to Participants in respect thereof, (C) is equal to the target Performance Goal established therefor, the target level of Long-Term Incentive Awards will be paid to Participants in respect thereof, (D) is equal to or greater than the maximum Performance Goal established therefor, the maximum level of Long-Term Incentive Awards will be paid to Participants in respect thereof, and (E) is between any two of the Performance Goal levels described in the immediately preceding clauses (B), (C), and (D), the level of Long-Term Incentive Awards to be paid to Participants in respect thereof will be a level interpolated by the Board

between the corresponding levels of Long-Term Incentive Awards paid in respect of such Performance Goal levels.

(b) Except in the case of a Covered Employee, the Long-Term Incentive Award determined pursuant to Section 6(a) may be modified by the Board to recognize a Participant's individual performance or in other circumstances deemed appropriate by the Board.

(c) Notwithstanding any other provision of this Bonus Plan to the contrary, in no event will a Long-Term Incentive Award paid to any Participant for a Performance Period exceed $3.0 million.

7. PAYMENT OF AWARDS. Annual Incentive Awards and Long-Term Incentive Awards will be paid to Participants in respect of any particular Performance Period (i) in cash and/or Company equity (including stock options, stock credits or equity equivalents), (ii) in a lump sum and/or in deferred payments or grants, and (iii) on the date(s) and other terms, including any premium in respect of any non-cash payments or deferred payments or grants, in each case as determined by the Board at the time that Performance Goals are established for a particular Performance Period. All Annual Incentive Awards and Long-Term Incentive Awards that are paid in cash will be paid in U.S. dollars. The Company may deduct from any payment such amounts as may be required to be withheld under any federal, state, or local tax laws.

8. TERMINATION OF EMPLOYMENT. If a Participant terminates employment with the Company and its Subsidiaries before the last day of a Performance Period due to death, disability, or Retirement with the consent of the Company, the Participant's Annual Incentive Awards and Long-Term Incentive Awards will be prorated on the basis of the ratio of the number of months of participation during the Performance Period to which the Annual Incentive Awards and Long-Term Incentive Awards relate to the aggregate number of months in such Performance Period. If a Participant's employment with the Company and its Subsidiaries is terminated by the Company or any such Subsidiary before the last day of a Performance Period for any reason other than for Cause (as hereinafter defined), the Participant's Annual Incentive Awards and Long-Term Incentive Awards will be prorated on the basis of the ratio of the number of months of participation during the Performance Period to which the Annual Incentive Awards and the Long-Term Incentive Awards relate to the aggregate number of months in such Performance Period, unless otherwise determined by the Board. Except as otherwise provided in this Section 8, if a Participant's employment with the Company and its Subsidiaries is terminated before the last day of a Performance Period for any reason, the Participant will not be entitled to any Annual Incentive Award or Long-Term Incentive Award for such Performance Period unless otherwise determined by the Board. For purposes of this Agreement, "Cause" means any act of dishonesty, fraud, or willful misconduct by a Participant in the performance of the Participant's duties as an employee of the Company, or any conviction of a Participant for any felony involving moral turpitude.

9. CHANGE IN CONTROL. In connection with any actual or potential change in control of the Company, whether as a result of any stock acquisition, merger, or other business combination transaction, or any restructuring or recapitalization of the Company, then the Board will take all such actions hereunder as it may determine to be necessary or appropriate to treat Participants equitably hereunder, including without limitation the modification or waiver of applicable Performance Goals, Performance Periods, Annual Incentive Awards, or Long-Term Incentive Awards, notwithstanding the terms of any initial award, and whether to establish or fund a trust or other arrangement intended to secure the payment of such awards.

10. TRANSFERS AND CHANGES IN RESPONSIBILITIES. (a) If a Participant's responsibilities materially change or the Participant is transferred during a Performance Period to another Operating Unit or to a position that is not designated or eligible to participate in this Bonus Plan, the Company may, as determined by the Board, either (i) continue the Participant's participation in this Bonus Plan and, except in the case of a Covered Employee, as of the date of such change or transfer,

establish new performance awards (as determined pursuant to Section 10(b)) in respect of Annual Incentive Awards and/or Long-Term Incentive Awards, as the case may be, for the Participant with respect to his or her new position, or (ii) terminate the Participant's participation in this Bonus Plan in respect of Annual Incentive Awards and/or Long-Term Incentive Awards, as the case may be, and, as of the date of such change or transfer, the Participant's Annual Incentive Awards and/or Long-Term Incentive Awards, as the case may be, would be prorated on the basis of the ratio of the number of months of the Participant's participation during the Performance Period to which such Annual Incentive Awards and/or Long-Term Incentive Awards, as the case may be, relate to the aggregate number of months in such Performance Period.

(b) If in the event of such a change or transfer the Participant's participation in this Bonus Plan in respect of Annual Incentive Awards and/or

Long-Term Incentive Awards, as the case may be, is not terminated pursuant to Section 10(a)(ii), then the Participant's Annual Incentive Awards and/or Long-Term Incentive Awards, as the case may be, will be prorated on the basis of the number of months of service by the Participant at each Operating Unit during the Performance Period.

11. SECURITY OF PAYMENT OF BENEFITS. Unless otherwise determined by the Board, all Annual Incentive Awards and Long-Term Incentive Awards will be paid from the Company's general assets, and nothing contained in this Bonus Plan will require the Company to set aside or hold in trust any funds for the benefit of any Participant, who will have the status of a general unsecured creditor of the Company.

12. ADMINISTRATION OF THE PLAN. (a) This Bonus Plan will be administered by the Board, which may from time to time delegate all or any part of its authority under this Bonus Plan to the Compensation Committee.

(b) The Board will take such actions as are required to be taken by it hereunder, may take the actions permitted to be taken by it hereunder, and will have the authority from time to time to interpret this Bonus Plan and to adopt, amend, and rescind rules and regulations for implementing and administering this Bonus Plan. All such actions will be in the sole discretion of the Board and, when taken, will be final, conclusive, and binding. Without limiting the generality or effect of the foregoing, the interpretation and construction by the Board of any provision of this Bonus Plan or of any agreement, notification, or document evidencing the grant of benefits payable to Participants and any determination by the Board in its sole discretion pursuant to any provision of this Bonus Plan or any provision of such agreement, notification, or document will be final and conclusive. Without limiting the generality or effect of any provision of the Certificate of Incorporation of the Company, neither the Chief Executive Officer, the Chief Operating Officer, or the Chief Merchandising Officer nor any member of the Board will be liable for any action or determination made in good faith.

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

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

13. MISCELLANEOUS. (a) This Bonus Plan will not confer upon any Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary,

nor will it interfere in any way with any right the Company or any Subsidiary would otherwise have to terminate or modify the terms of such Participant's employment or other service at any time.

(b) Except as otherwise provided in this Bonus Plan, no right or benefit under this Bonus Plan will be subject to anticipation, alienation, sale, assignment, pledge, encumbrance, or charge, and any attempt to anticipate, alienate, sell, assign, pledge, encumber, or charge such right or benefit will be void. No such right or benefit will in any manner be liable for or subject to the debts, liabilities, or torts of a Participant.

(c) This Bonus Plan may be amended or terminated from time to time by the Board. In the event this Bonus Plan is terminated before the last day of a Performance Period, Annual Incentive Awards and Long-Term Incentive Awards payable for such Performance Period will be prorated on the basis of the ratio of the number of months in such Performance Period prior to such termination to the aggregate number of months in such Performance Period and will be paid only after the end of such Performance Period, which will be deemed to continue until the expiration thereof as if this Bonus Plan had not been terminated.

(d) If any provision in this Bonus Plan is held to be invalid or unenforceable, no other provision of this Bonus Plan will be affected thereby.

(e) This Bonus Plan will be governed by and construed in accordance with applicable United States federal law and, to the extent not preempted by such federal law, in accordance with the laws of the State of Delaware, without giving effect to the principles of conflict of laws thereof.

14. EFFECTIVENESS. The amendment and restatement of this Bonus Plan set forth herein will become effective as of December 10, 1999.

Exhibit 10.50

EMPLOYMENT AGREEMENT

Entered into as of August 27, 1999

between

FEDERATED CORPORATE SERVICES, INC.

and

JAMES M. ZIMMERMAN

EMPLOYMENT AGREEMENT

THIS AGREEMENT, made in the City of Cincinnati and State of Ohio, as of the 27th day of August, 1999 (the "Agreement Effective Date"), between Federated Corporate Services, Inc., a Delaware corporation (hereinafter called the "Employer"), and James M. Zimmerman of Cincinnati, Ohio (hereinafter called the "Employee").

RECITALS

Employer and Employee are parties to an Employment Agreement dated as of March 10, 1997.

Employer and Employee are desirous of entering into a new employment agreement with a term commencing on May 1, 1999.

IT IS AGREED by and between the parties hereto as follows:

ARTICLE I

EMPLOYMENT

1.1 TERM AND DUTIES. The Employer agrees to and does employ the Employee to perform the duties of Chairman of the Board ("Chairman") and Chief Executive Officer of Federated Department Stores, Inc. ("Federated") in accordance with the terms of this Agreement. The period (the "Term") of such employment shall begin on May 1, 1999 and shall end on the later of April 30, 2003 or such later date as agreed by the Employer and Employee. The duties of the Employee shall be those commensurate with the office of Chairman of the Board and Chief Executive Officer of Federated. In such capacity he shall have general charge of the business and affairs of Federated. Neither the Employee's title nor any of his functions shall be changed without his consent. While it is understood that the right to elect directors and officers of Federated is by law vested in the stockholders and directors of Federated, it is nevertheless mutually contemplated, subject to such rights, that the Employee shall, at all times

during his employment, be Chairman of the Board and Chief Executive Officer of Federated and shall be a member of the Board of Directors of Federated.

1.2 COMPENSATION. In consideration of Employee's services during the Term, the Employer agrees to (a) pay the Employee an annual salary in the amount of One Million Two Hundred Fifty Thousand Dollars ($1,250,000) ("Base Salary"), (b) permit the Employee to participate in Federated's annual and long-term bonus programs as set forth on Exhibit A and (c) grant the Employee stock options as set forth on Exhibit A. Nothing in this Agreement shall preclude or in any way affect the grant by the Employer or the receipt by the Employee of increases in such salary or any such bonuses or other forms of additional compensation, including additional equity or equity-based awards, any such salary and/or bonus increases and additional compensation, contingent or otherwise, to be determined solely in the discretion of the Board of Directors of the Employer or persons to whom such authority is delegated by such Board of Directors. The Employee's salary shall never be reduced during the Term without the Employee's consent.

1.3 PAYMENT SCHEDULE. The Base Salary specified in Section 1.2(a) hereof shall be payable as current salary, in installments not less frequently than monthly, and at the same rate for any fraction of a month unexpired at the end of the Term.

1.4 EXPENSES. During the Term the Employee shall be allowed reasonable traveling expenses and shall be furnished office space, assistance and accommodations suitable to the character of his position with Federated and adequate for the performance of his duties hereunder.

1.5 BENEFITS. The Employee and/or the Employee's family, as the case may be, shall be eligible for participation in and shall receive all benefits under savings and retirement programs, welfare benefit plans, fringe benefit programs and perquisites provided by the Employer and its affiliates (including, for example, without limitation, medical, prescription, dental, disability, salary continuance, executive life, group life, accidental death and travel accident insurance plans and programs, use of an automobile, financial counseling, and suitable

business and country club memberships), at least as favorable as the most favorable of such plans and programs provided to key executives of Federated in effect from time to time.

1.6 TERMINATION IN CASE OF DISABILITY. The Employee shall not be in breach of this Agreement if he shall fail to perform his duties hereunder because of physical or mental disability. If for a continuous period of 12 months during the Term the Employee fails to render services to the Employer because of the Employee's physical or mental disability, the Board or its delegate may end the Term prior to its stated termination date. If there should be any dispute between the parties as to the Employee's physical or mental disability at any time, such question shall be settled by the opinion of an impartial reputable physician agreed upon for the purpose by the parties or their representatives, or failing agreement within 10 days of a written request therefor by either party to the other, then one designated by the then president of the local Academy of Medicine. The written opinion of such physician as to the matter in dispute shall be final and binding on the parties.

1.7 TERMINATION OF SERVICES. If, prior to the end of the Term, (a) the Employer shall terminate the Employee's employment other than for Cause, or (b) the Executive shall terminate his employment for Good Reason, then the Employer shall immediately thereupon pay the Employee in a lump sum in cash (a) the full amount of salary that would be payable to the Employee under Section 1.2 and (b) the aggregate of the target level annual bonus for which the Employee is eligible under the Employer's 1992 Incentive Bonus Plan as set forth in Exhibit A for each year remaining in the Term following such termination. Employee shall be credited with vesting and benefit service through the remainder of the Term.

1.8 TERMINATION FOR CAUSE. The Employer may terminate the employment of the Employee and this Agreement and all of its obligations hereunder, except for obligations accrued but unpaid to the effective date of termination, for Cause upon notice given pursuant to this Section. As used in this Agreement, the term "Cause" shall mean (a) the willful breach of duty by the Employee in the course of his employment, (b) the Employee's habitual neglect of his duties, (c) a material willful breach by the Employee of his duties under this Agreement which breach is not cured by the Employee within ten (10) days of receipt of written notice thereof from the Employer to the Employee, or (d) the Employee's final conviction of a felony, which conviction is nonappealable or for which the period of filing an appeal has expired. "Cause" shall not include (a) bad judgment or negligence of the Employee (other than his habitual neglect of duty), or (b) any act or omission believed by the Employee in good faith to have been in or not opposed to the interests of the Employer (without intent of gaining therefrom directly or indirectly a profit to which he was not legally entitled) and reasonably believed by the Employee not to have been improper or unlawful, or (c) any act or omission in respect of which a determination could properly have been made by the Board of Directors of Federated that the Employee met the applicable standard of conduct prescribed for indemnification or reimbursement under the bylaws of Federated or the laws of Delaware, in each case in effect at the time of such act or omission, or (d) an act or omission with respect to which notice of termination is given more than twelve months after the earliest date on which any non-employee director of Federated who was not a party to such act or omission knew or should have known of such act or omission.

1.9 The term "Good Reason" means:

A. The assignment to the Employee of any duties materially inconsistent with the Employee's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated in Article I of this Agreement, or any other action by the Employer which results in a material diminution in such position, authority, duties or responsibilities, excluding for this purpose an action not taken in bad faith and which is remedied by the Employer within ten (10) days after receipt of written notice thereof given by the Employee, provided that repeated instances of such action shall be evidence of the bad faith of the Employer;

B. any material failure by the Employer to comply with any of the provisions of this Agreement, other than a failure not occurring in bad faith and which is remedied by the Employer within ten (10) days after receipt of written notice thereof given by the Employee, provided that repeated failures shall be evidence of the bad faith of the Employer;

C. failure of the Employee to be elected or reelected Chairman and Chief Executive Officer of the Federated or to be elected or reelected to membership on the Federated's Board of Directors; or

D. any purported termination by the Employer of the Employee's employment otherwise than as expressly permitted by this Agreement.

1.10 LOCATION OF EMPLOYMENT. Employer shall not require Employee to be based in any office or location other than within the Cincinnati, Ohio Standard Metropolitan Statistical Area without his agreement, except for travel reasonably required in the performance of the Employee's responsibilities.

ARTICLE II
OTHER PROVISIONS

2.1 PERFORMANCE OF DUTIES. The Employee agrees that during the Term (a) he will faithfully and in conformity with the directions of the Board of Directors of Federated, perform the duties of his employment hereunder, and that he will devote to the performance of said duties all such time and attention as they shall reasonably require, taking, however, from time to time (as the Employer agrees that he may) reasonable vacations; and (b) he will not, without the express consent of the Board of Directors of Federated, or persons to whom such authority is delegated by such Board of Directors become actively associated with or engaged in any competing business (as hereinafter defined) while he is employed by Employer or within one (1) year of the first to occur of (i) the expiration of the Term or (ii) the termination of his employment by the Employer for Cause or by the Employee other than for Good Reason prior to or at the end of the Term, and he will do nothing inconsistent with his duties to the Employer.

Notwithstanding the foregoing, the aforesaid one (1) year period shall be shortened to whatever shorter period, if any, is adopted at any time subsequent to the date hereof by the Compensation Committee of the Board of Directors of Federated as the standard period

during which such non-compete provisions in the Employer's standard employment agreements shall apply.

In the event that (i) the Employee is advised at any time by the Employer in writing that his services will no longer be required during the Term or (ii) the employment of the Employee is terminated by the Employee for Good Reason, Employee shall be free to become actively engaged with another business regardless of whether it is a competing business.

Employee agrees that he will not disclose to anyone outside of the Employer, or use in other than the Employer's business, confidential information relating to the Employer's business, in any way obtained by him while employed by the Employer, unless authorized by the Employer in writing. It is understood that violation of this provision would cause irreparable harm to the Employer and that Employer may seek to enjoin any such violation or to take any other applicable action. The Employee also agrees that he will not engage in any activity which would violate the Conflict of Interest or Business Ethics Statement signed from time to time by the Employee.

As used in this Section 2.1 a "competing business" shall be any business which:

A. at the time of determination, is substantially similar to the whole or a substantial part of the business at the end of the period of active employment, conducted by Employer, or any of its subsidiaries, or subsidiaries of subsidiaries, or affiliates, or divisions, or substantially similar to some substantial part of said business; and

B. at the time of determination, is operating a store or stores which, during its or their fiscal year preceding the determination, in the aggregate had aggregate net sales, including sales in leased and licensed departments, in excess of $10,000,000, which store or stores is or are located in a city or within a radius of twenty-five (25) miles from the outer limits of a city where Employer, or any of its subsidiaries, or subsidiaries of subsidiaries, or affiliates, or divisions is operating a store or stores which, during its or their fiscal year preceding the determination, in the aggregate had aggregate nets sales, including sales in leased and licensed departments, in excess of $10,000,000; and

C. had aggregate net sales at all its locations, including sales in leased and licensed departments and sales by its divisions, subsidiaries and affiliates, during its fiscal year preceding that in which the Employee made such an investment therein, or first rendered personal services thereto, following his termination of service, in excess of $25,000,000.

ARTICLE III
MISCELLANEOUS

3.1 ASSIGNMENT. This Agreement shall not be assignable by the Employer without the written consent of the Employee. The Employee may not assign, pledge, or encumber his interest in this Agreement, or any part thereof, without the written consent of the Employer.

3.2 GOVERNING LAW. This Agreement has been executed on behalf of the Employer by an officer of the Employer located in the City of Cincinnati, Ohio. This Agreement and all questions arising in connection herewith shall be governed by the internal substantive laws of the State of Ohio. The Employer and the Employee each consent to the jurisdiction of, and agree that any controversy between them arising out of this Agreement shall be brought in, the United States District Court for the Southern District of Ohio, Western Division; the Court of Common Pleas for Hamilton County, Ohio; or such other court venued within Hamilton County, Ohio as may have subject matter jurisdiction over the controversy.

3.3 SEVERABILITY. If any portion of this Agreement is held to be invalid or unenforceable, such holding shall not affect any other portion of this Agreement.

3.4 ENTIRE AGREEMENT. This Agreement comprises the entire agreement between the parties hereto and as of the date hereof, supersedes, cancels and annuls any and all prior agreements between the parties hereto. This Agreement may not be modified, renewed or extended orally, but only by a written instrument referring to this Agreement and executed by the parties hereto.

3.5 GENDER AND NUMBER. Words in the masculine herein may be interpreted as feminine or neuter, and words in the singular as plural, and vice versa, where the sense requires.

3.6 NOTICES. Any notice or consent required or permitted to be given under this Agreement shall be in writing and shall be effective when given by personal delivery or five business days after being sent by certified US mail, return receipt requested, to the Secretary of Federated Department Stores, Inc. at its principal place of business in the City of Cincinnati or to the Employee at his last known address as shown on the records of the Employer.

3.7 WITHHOLDING TAXES. The Employer may withhold from any amounts payable under this Agreement all federal, state, city or other taxes as shall be required pursuant to any law or governmental regulation or ruling.

3.8 WAIVER AND RELEASE. In consideration of the Employer's entering into this Agreement, and the receipt of other good and valuable consideration, the sufficiency of which is expressly acknowledged, the Employee, for himself and his successors, assigns, heirs, executors and administrators, hereby waives and releases and forever discharges the Employer and its affiliates and their officers, directors, agents, employees, shareholders, successors and assigns from all claims, demands, damages, actions and causes of action whatsoever which he now has on account of any matter, whether known or unknown to him and whether or not previously disclosed to the Employee or the Employer, that relates to or arises out of (a) any existing or former employment agreement (written or oral) entered into between the Employee and the Employer or any of its affiliates (or any amendment or supplement to any such agreement), (b) any agreement providing for a payment or payments or extension of the employment relationship triggered by a merger or sale or other disposition of the stock or assets or restructuring of the Employer or any affiliate of the Employer, or (c) any applicable severance plan.

3.9 ENFORCEMENT OF AGREEMENT. If the Employee incurs legal or other fees and expenses in an effort to establish entitlement to benefits under this Agreement, regardless of whether the Employee ultimately prevails, the Employer shall reimburse him for such fees and

expenses, unless a court of competent jurisdiction determines that the Employee made such effort in bad faith.

Reimbursement of fees and expenses described in the preceding paragraph shall be made monthly during the course of any action upon the written submission of a request for reimbursement together with proof that the fees and expenses were incurred

3.10 MISCELLANEOUS. Except as specifically provided herein, all accounts payable pursuant to this Agreement shall be paid without reduction regardless of any amounts of salary, compensation or other amounts which may be paid or payable to Employee from any source or which Employee could have obtained upon seeking other employment; provided that the Company shall be permitted to make all payments pursuant to this Agreement net of any legally required tax withholdings. Employee shall not be required to seek other employment, and there shall be no offset to amounts due hereunder as a result of any salary, compensation or other amounts Employee may be paid from other sources.

IN WITNESS WHEREOF, the parties hereto have hereunto and to a duplicate hereof set their signatures as of August 27, 1999.

FEDERATED CORPORATE SERVICES, INC.

By: /s/ DENNIS J. BRODERICK

Dennis J. Broderick
Title: President

JAMES M. ZIMMERMAN

/s/ JAMES M. ZIMMERMAN

EXHIBIT A

to
EMPLOYMENT AGREEMENT

Entered into as of August 27, 1999 between

FEDERATED CORPORATE SERVICES, INC.

And

JAMES M. ZIMMERMAN

(All capitalized terms used in this Exhibit are defined as set forth in Agreement)

ANNUAL BONUS: In respect of fiscal 1999, the annual bonus payable (if any) under the terms of the 1992 Incentive Bonus Plan (as such may be amended from time to time) of Federated Department Stores, Inc. (Federated) will be based on performance goals established for the senior executives of the Employer on an annual basis by the Board of Directors of Federated or a Committee thereof, with the amount of bonus equal to a sliding percent of Employee's annual base salary in effect as of the last day of the performance period based on performance against the targeted annual goals, as follows:

PERFORMANCE AGAINST TARGET	PAYOUT AS PERCENT OF ANNUAL SALARY
(a) CORPORATE EBIT $	
Below 95% of Target	0.0%
95% of Target	24.0%
Target	50.0%
110% of Target	90.0%
(b) CORPORATE SALES $	
Below Target	0.0%
Target	10.0%
101% of Target	34.0%

PERFORMANCE AGAINST TARGET	PAYOUT AS PERCENT OF ANNUAL SALARY
(c) CORPORATE ROGI %	

Below Target	0.0%
Target	10.0%
1.0 ppt. above Target	34.0%

For each year during the Term beginning with and including fiscal 2000, the annual bonus payable (if any) under the terms of the 1992 Incentive Bonus Plan (as such may be amended from time to time) of Federated Department Stores, Inc. (Federated) will be based on performance goals established for the senior executives of the employer on an annual basis by the Board of Directors of Federated or a Committee thereof, with the amount of bonus equal to a sliding percent of Employee's annual base salary in effect as of the last day of the performance period based on performance against the targeted annual goals, as follows:

PERFORMANCE AGAINST TARGET	PAYOUT AS PERCENT OF ANNUAL SALARY
(a) CORPORATE EBIT $	
Below 95% of Target	0.0%
95% of Target	34.0%
Target	70.0%
110% of Target	126.0%
(b) CORPORATE SALES $	
Below Target	0.0%
Target	15.0%
101% of Target	51.0%
(c) CORPORATE ROGI %	
Below Target	0.0%
Target	15.0%
1.0 ppt. above Target	51.0%

The percent of base salary payable as the annual bonus is the aggregate of the above designated payout based on performance achieved under each of the performance components described

in (a), (b) and (c), above, except that if Corporate EBIT $ falls below 95% of Target, no bonus is payable for any component of the annual bonus plan, and failure to achieve the annual EBIT percent to target reduces the bonus otherwise payable in respect only of the above corporate EBIT $ performance component per the approved applicable executive compensation plan description.

Any annual bonus payable hereunder shall be paid in the fiscal year following the annual performance period in respect of which the bonus is payable in accordance with Federated's 1992 Incentive Bonus Plan (as such may be amended from time to time).

By operation of Federated's Supplementary Executive Retirement Plan, annual bonuses paid to Employee under Federated's 1992 Incentive Bonus Plan are included as eligible compensation under Federated's Pension Plan.

LONG TERM PLAN: For the 1997 - 1999 three year performance period, the bonus payable (if any) under the terms of Federated's 1992 Incentive Bonus Plan (as such may be amended from time to time) will be based on performance goals established for the senior executives of Federated in respect of each such three-year performance period by the Board of

Directors of Federated or a Committee thereof, with the amount of bonus equal to a sliding percent of Employee's annual base salary (prorated on an annual basis for any change in Employee's base salary occurring at any time during any such three-year period and determined for any such year in the three-year period based on the annual base salary in effect as of the last day of the fiscal year) based on performance against the targeted three-year goals, as follows:

PERFORMANCE AGAINST TARGET	PAYOUT AS PERCENT OF ANNUAL SALARY
(a) CORPORATE EBIT $	
Below 95% of Target	0.0%
95 % of Target	14.0%
Target	30.0%
110% of Target	42.0%
120% of Target	54.0%

(b) PERFORMANCE VS PEERS RANKING	
#1 Ranking	36%
#2 Ranking	31%
#3 Ranking	25%
#4 Ranking	20%
#5 Ranking	10%
#6 Ranking	0%

The percent of base salary payable as the long term bonus in respect of the 1997-1999 performance period is the aggregate of the above designated payout based on performance achieved in respect of the performance components described in (a) and (b), above, except that if the three year Corporate EBIT $ falls below 95% of Target, no bonus is payable for any component of the long-term bonus, and failure to achieve the EBIT percent to target in year three reduces the bonus otherwise payable in respect only of the above corporate EBIT $ performance component per the approved applicable executive compensation plan description.

For each three year performance period beginning with and including the 1998 - 2000 performance period, the bonus payable (if any) under the terms of Federated's 1992 Incentive Bonus Plan (as such may be amended from time to time) will be based on performance goals established for the senior executives of Federated in respect of each such three-year performance period by the Board of Directors of Federated or a Committee thereof, with the amount of bonus equal to a sliding percent of Employee's annual base salary (prorated on an annual basis for any change in Employee's base salary occurring at any time during any such three-year period and determined for any such year in the three-year period based on the annual base salary in effect as of the last day of the fiscal year) based on performance against the targeted three-year goals, as follows:

PERFORMANCE AGAINST TARGET	PAYOUT AS PERCENT OF ANNUAL SALARY
(a) CORPORATE EBIT $	

Below 95% of Target	0.0%
95% of Target	24.0%
Target	34.0%
110% of Target	75.0%

PERFORMANCE AGAINST TARGET	PAYOUT AS PERCENT OF ANNUAL SALARY
(b) CORPORATE AVG. ROGI %	
Below Target	0.0%
Target	16.0%
1.0 ppt. above target	37.0%

The percent of base salary payable as the long-term bonus in respect of each three year performance period beginning and including the 1998-2000 performance period is the aggregate of the above designated payout based on performance achieved in respect of the performance components described in (a) and (b) above, except that if the three year Corporate EBIT $ falls below 95% of Target, no bonus is payable for any component of the long-term bonus, and failure to achieve the EBIT percent to target in year three reduces the bonus otherwise payable in respect only of the above corporate EBIT $ performance component per the approved applicable executive compensation description.

Illustratively, in respect of the fiscal 1997 - 1999 performance period, assuming achievement of the 1997 -1999 goal at the 50% target level (i.e., Corporate EBIT $ achieved at target and #4 ranking versus peers), the long-term incentive payout in 2000 in respect of such three-year period would be $625,000 (50% (30% payout re corporate EBIT $ + 20% payout re peer performance) x $1,250,000 (the base salary in effect at the end of 1997 fiscal year).

Employee shall be entitled to a pro rata portion of a long-term bonus, if any is payable under the terms of Federated's 1992 Incentive Bonus Plan (as such may be amended from time to time), for any three-year performance period commencing on or after fiscal 1997

but which performance period has not ended as of the end of Term. The pro rata payment is based on the length of Employee's service of employment within such three-year performance period. Illustratively, if the performance period covers the 1999-2001 fiscal years and the employment terminates on the last day of the 2000 fiscal year, Employee would have been employed for sixty-seven percent (67%) of the performance period and would be eligible for sixty-seven percent (67%) of any long-term bonus payable as provided above if and when any bonus is paid in respect of that period under the terms of Federated's 1992 Incentive Plan (as may be amended) based upon the performance goals established for the senior executives of the Employer for that period by the Board of Directors of Federated or a Committee thereof.

Any long-term bonus payable hereunder shall be paid in the fiscal year following the three-year performance period in respect of which the bonus is payable in accordance with Federated's 1992 Incentive Bonus Plan. Any long-term bonus payable for any three-year performance period beginning with and including the 1998 - 2000 performance period will be paid 50% in cash and 50% in deferred stock credits in accordance with the approved applicable executive compensation plan description, subject, as provided in such plan, to Executive's election to allocate a portion or all of any cash payout to deferred stock credits. Any amounts deferred, including the required 50% deferral and any optional deferral above 50%, will include a 20% premium, also to be paid in deferred stock credits.

STOCK OPTIONS: Federated shall grant, to Employee, effective August 27, 1999 (the "Grant Date"), options for 450,000 shares, with vesting of 112,500 shares on May 1, 2000 (the "Option Vesting Date"), 112,500 shares on the first anniversary of the Option Vesting Date, 112,500 shares on the second anniversary of the Option Vesting Date, and 112,500 shares on the third anniversary of the Option Vesting Date, except that 100%

vesting shall occur immediately upon the effective date of the termination of the employment of Employee (a) by Employer other than for Cause, (b) by Employee for Good Reason or (c) by Employer and Employee by mutual consent; the options will be issued at one hundred percent of the closing market price of Federated's common stock on the New York Stock Exchange as listed in THE WALL STREET JOURNAL on the trading day immediately preceding the Grant Date; the term of the grant shall expire ten years from the Grant Date; any options that are unvested as of the time Employee discontinues his employment with Employer shall continue to vest in accordance with the vesting schedule described above unless the Employee's employment is terminated for cause (as defined in the Non-Qualified Stock Option Agreement), except that if the Employee at any time prior to the third anniversary of the Option Vesting Date renders personal services to The May Department Stores Company, Dillard's, Inc., Saks, Inc., or Nordstrom, Inc., the grant of options, and all rights of the Employee with regard to any vested but unexercised options and any unvested options, shall terminate on the commencement of such engagement; the grant is subject to the terms of the attached form of Non-Qualified Stock Option Agreement with Federated.

RESTRICTED STOCK AWARD: Federated shall grant to Employee, effective August 27, 1999 (the "Grant Date"), 100,000 restricted shares of Federated's Common Stock, with restrictions as to 25,000 shares lapsing on May 1, 2000 (the "Lapse Date") and as to 25,000 shares on each of the first, second and third anniversaries of the Lapse Date, except that 100% lapsing shall occur immediately upon the effective date of the termination of the employment of Employee (a) by Employer other than for Cause, (b) the Employee for Good Reason or (c) by Employer and Employee by mutual consent; the restrictions on any shares that have not lapsed as of the time the Employee discontinues his employment with Employer shall continue to lapse in accordance with the lapsing schedule described above unless the Employee's employment is terminated for cause (as defined in the Restricted Stock Agreement), except that if Employee at any time prior to the third anniversary of the Lapse Date renders personal services to The May Department Stores Company, Dillard's, Inc., Saks, Inc., or Nordstrom's, Inc., all shares of

restricted stock on which the restrictions have not lapsed shall be forfeited on the commencement of such engagement; the grant is subject to the terms of the attached form of Restricted Stock Agreement.

JAMES M. ZIMMERMAN FEDERATED CORPORTE SERVICES, INC.

/s/ James M. Zimmerman /s/ Dennis J. Broderick
- ---------------------------------- -----------------------------
DENNIS J. BRODERICK
PRESIDENT

<TABLE>
<CAPTION>

Federated Department Stores, Inc.
Subsidiary list as of 4/1/00

Corporate Name	State of Incorporation	Tradename(s)
<S>	<C>	<C>
22 East Advertising Agency, Inc.	Florida	
22 East Realty Corporation	Florida	
Advertex Communications, Inc.	Delaware	
Allied Stores General Real Estate Company	Delaware	
Allied Stores International Sales Company, Inc.	New York	
Allied Stores International, Inc.	New York	
Allied Stores Marketing Corp.	New York	
Andy's Garage Sale, Inc.	Minnesota	
Arizona Mail Order, Inc.	Delaware	
Astoria Realty, Inc.	Delaware	
Atomic Living, Inc.	Minnesota	
Axsys National Bank, N.A.	N/A	
Bamrest Del, Inc.	Delaware	
Bedford Fair Apparel, Inc.	Delaware	
BFC Real Estate Company	Delaware	
Bloomingdale's Atlantic City, Inc.	Delaware	
Bloomingdale's By Mail Ltd.	New York	Bloomingdale's By Mail
Bloomingdale's, Inc.	Ohio	Bloomingdale's
Broadway Receivables, Inc.	Delaware	
Broadway Stores, Inc.	Delaware	
Burdines, Inc.	Ohio	Burdines
Carter Hawley Hale Properties, Inc.	California	
Cowie & Company, Limited	New York	
Customer Communications Center, Inc.	Minnesota	
Distribution Specialists, Inc.	Minnesota	
Executive Placements Consultants, Inc.	New York	
FACS Group, Inc.	Ohio	FACS
Family Farm Gifts, Inc.	Wisconsin	
FDS National Bank	N/A	
Federated Brands, Inc.	Delaware	
Federated Claims Administration, Inc.	Ohio	
Federated Claims Services Group, Inc.	Delaware	
Federated Corporate Services, Inc.	Delaware	Federated Logistics and Operations
Federated Department Stores Foundation	Ohio	
Federated Department Stores Insurance Company, Ltd. (99.99% ownership)	Bermuda	
Federated Noteholding Corporation	Delaware	
Federated Noteholding Corporation II	Delaware	

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Federated Department Stores, Inc.
Subsidiary list as of 4/1/00

Corporate Name	State of Incorporation	Tradename(s)
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Federated Retail Holdings, Inc.	Delaware	
Federated Specialty Stores, Inc.	Ohio	
Federated Stores Realty, Inc.	Delaware	
Federated Systems Group, Inc.	Delaware	
Federated Western Properties, Inc.	Ohio	
Figi's Gifts, Inc.	Wisconsin	
Figi's Mail Order Gifts, Inc.	Wisconsin	
Figi's, Inc.	Wisconsin	
Fingerhut (UK) Limited	United Kingdom	

Fingerhut Business Services, Inc.	Minnesota	
Fingerhut Companies, Inc.	Minnesota	
Fingerhut Company Store, Inc.	Minnesota	
Fingerhut Corporation	Minnesota	
Fingerhut Funding Co.	Delaware	
Fingerhut Marketing Services, Inc.	Minnesota	
Fingerhut Receivables, Inc.	Delaware	
Fingerhut Systems Services, Inc.	Minnesota	
Finite Limited	Hong Kong	
FSG Leasing Corp.	Delaware	
Fulfillment Services Company	Minnesota	
Hut Retail Services, Inc.	Minnesota	
I. Magnin, Inc.	Delaware	
Infochoice USA, Inc.	Minnesota	
iTrust Insurance Agency, Inc.	Arizona	
Jordan Marsh Insurance Agency, Inc.	Massachusetts	
Jordan Servicenter, Inc.	Delaware	
LM&B Catalog, Inc.	Delaware	
Macy Financial, Inc.	Delaware	
Macy's By Mail, Inc.	New York	Macy's By Mail
Macy's Close-Out, Inc.	Ohio	
Macy's Department Stores, Inc.	Ohio	
Macy's East, Inc.	Ohio	Macy's
Macy's Hamilton By Appointment, Inc.	Delaware	
Macy's Puerto Rico, Inc.	Puerto Rico	Macy's
Macy's Texas, Inc.	Delaware	Macy's
Macy's West, Inc.	Ohio	Macy's
Macy's.Com, Inc.	New York	Macy's.com
Minnesota Telemarketing, Inc.	Minnesota	
MOA Rest, Inc.	Minnesota	
Nasstock, Inc.	New York	
New Lines, inc.	Minnesota	
Paramustock, Inc.	New Jersey	

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05/15/98 2

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Federated Department Stores, Inc.
Subsidiary list as of 4/1/00

Corporate Name	State of Incorporation	Tradename(s)
<S>	<C>	<C>
Popular Club Plan, Inc.	New Jersey	
Popular Club Receivables, Inc.	Delaware	
Prime II Receivables Corporation	Delaware	
Prime Receivables Corporation	Delaware	
R. H. Macy (France) S.A.R.L.	France	
R. H. Macy Holdings (HK), Ltd.	Delaware	
R. H. Macy Overseas Finance N.V.	Netherland Antilles	
R. H. Macy Warehouse (HK), Ltd.	Delaware	
Rich's Department Stores, Inc.	Ohio	Goldsmith's Lazarus Rich's
Sabugo, Limited	Hong Kong	
Seven Hills Funding Corporation	Delaware	
Seven West Seventh, Inc.	Delaware	
Stern's Department Stores, Inc.	Ohio	Stern's
Tennessee Distribution, Inc.	Minnesota	
Tennessee Telemarketing, Inc.	Minnesota	
The Bon, Inc.	Ohio	The Bon The Bon Marche
USA Direct/Guthy-Renker, Inc. (50% ownership)	Minnesota	
Western Distribution, Inc.	Minnesota	
Wiman Corporation	Minnesota	
Wise Chat Limited	Hong Kong	
YesDirect, Inc.	Minnesota	

</TABLE>

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 statements (Nos. 333-44373, 333-77089, 333-22737 and 333-88242) on Form S-8 and the registration statements (Nos. 333-34321 and 333-76789) on Form S-3 of Federated Department Stores, Inc. of our report dated February 22, 2000, relating to the consolidated balance sheets of Federated Department Stores, Inc. and subsidiaries as of January 29, 2000 and January 30, 1999 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the fifty-two week periods ended January 29, 2000, January 30, 1999, and January 31, 1998, which report appears in the January 29, 2000 annual report on Form 10-K of Federated Department Stores, Inc.

KPMG LLP

Cincinnati, Ohio
April 14, 2000

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 19, 2000 /s/ James M. Zimmerman

James M. Zimmerman

POWER OF ATTORNEY

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Dated: April 19, 2000 /s/ Terry J. Lundgren

Terry J. Lundgren

POWER OF ATTORNEY

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Dated: April 19, 2000 /s/ Ronald W. Tysoe

Ronald W. Tysoe

POWER OF ATTORNEY

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Dated: April 19, 2000 /s/ Karen M. Hoguet

Karen M. Hoguet

POWER OF ATTORNEY

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Dated: April 19, 2000 /s/ Joel A. Belsky

Joel A. Belsky

POWER OF ATTORNEY

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Dated: April 19, 2000 /s/ Meyer Feldberg

Meyer Feldberg

POWER OF ATTORNEY

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Dated: April 19, 2000 /s/ Earl G. Graves, Sr.

Earl G. Graves, Sr.

POWER OF ATTORNEY

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Dated: April 19, 2000 /s/ George V. Grune

George V. Grune

POWER OF ATTORNEY

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Dated: April 19, 2000 /s/ Sara Levinson

Sara Levinson

POWER OF ATTORNEY

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Dated: April 19, 2000 /s/ Joseph Neubauer

Joseph Neubauer

POWER OF ATTORNEY

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Dated: April 19, 2000 /s/ Joseph A. Pichler

Joseph A. Pichler

POWER OF ATTORNEY

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Dated: April 19, 2000 /s/ Karl M. Von Der Heyden

Karl M. von der Heyden

POWER OF ATTORNEY

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Dated: April 19, 2000 /s/ Craig E. Weatherup

Craig E. Weatherup

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 19, 2000 /s/ Marna C. Whittington

Marna C. Whittington

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