

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14C
INFORMATION STATEMENT PURSUANT TO SECTION 14(C) OF THE SECURITIES
EXCHANGE ACT OF 1934

Check the appropriate box:

- Preliminary information statement
 Definitive information statement

BROADWAY STORES, INC.
(Name of Registrant as Specified in Its Charter)

Payment of filing fee (Check the appropriate box):

- \$125 per Exchange Act Rule 0-11(c)(1)(ii) or 14c-5(g).
 Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11.

- (1) Title of each class of securities to which transaction applies: Series A Preferred Stock
- (2) Aggregate number of securities to which transaction applies: 756,000*
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11: \$0.30*
- (4) Proposed maximum aggregate value of transaction: \$226,800*
- (5) Total fee paid: \$45.36*

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount previously paid: \$45.36*
- (2) Form, Schedule or Registration Statement No.: Schedule 13E-3
- (3) Filing party: Broadway Stores, Inc. and Federated Department Stores, Inc.
- (4) Date filed: February 20, 1996

* The amounts shown were estimated solely for purposes of calculating the filing fee. The Merger Price (as defined in the Preliminary Information Statement) has not been determined as of the date hereof, and no inference with respect thereto should be drawn from the amounts shown. If revisions to the estimated amounts require the payment of an additional filing fee, such additional fee will be paid in connection with an amendment to the referenced Schedule 13E-3.

EXPLANATORY NOTE

The Information Statement and other materials (collectively, the "Preliminary Materials") included in this filing are in preliminary form and are subject to completion or amendment. In addition, the Preliminary Materials are intended to be solely for the information and use of the Securities and Exchange Commission, and should not be relied upon by any other person for any purpose. No inference should be drawn from the information included in the Preliminary Materials as to the amount of the Merger Price (as defined therein), which had not been determined as of the date of this filing, or as to whether or when the Merger (as defined therein) will actually be consummated. The Information Statement and other materials included in this filing will be completed and, if appropriate, amended prior to the time at which they are first sent or given to the holders of the Series A Preferred Stock of Broadway Stores, Inc.

PRELIMINARY COPY--FOR USE OF THE COMMISSION ONLY

BROADWAY STORES, INC.

NOTICE OF ACTION BY WRITTEN CONSENT AND
AVAILABILITY OF APPRAISAL RIGHTS AND
CERTAIN OTHER MATTERS

To the Holders of Series A Preferred Stock of
Broadway Stores, Inc. as of March __, 1996

NOTICE IS HEREBY GIVEN pursuant to Sections 228(d) and 262(d)(2) of the General Corporation Law of the State of Delaware (the "DGCL"), that the merger (the "Merger") of a wholly owned subsidiary ("Merger Sub") of Federated Department Stores, Inc. ("Federated") with and into Broadway Stores, Inc. ("Broadway") has been approved pursuant to a written consent signed by the holder of a majority of the outstanding stock of Broadway entitled to vote thereon and is expected to become effective on April __, 1996 (the time of such effectiveness being the "Effective Time"). Pursuant to the Agreement and Plan of Merger ("Merger Agreement"), dated as of March __, 1996, by and among Broadway, Federated, and Merger Sub, at the Effective Time (i) each one one-thousandth of a share of Series A Preferred Stock, par value \$0.01 per share, of Broadway ("Broadway Preferred Stock") outstanding immediately prior thereto will be converted into the right to receive from Federated \$____ in cash (the "Merger Price"), without interest thereon, subject to the rights of holders thereof to seek an appraisal of their shares, and (ii) Broadway will become a wholly owned subsidiary of Federated.

BROADWAY'S BOARD OF DIRECTORS BELIEVES THAT THE MERGER PRICE IS GREATER THAN THE VALUE OF ONE ONE-THOUSANDTH OF A SHARE OF BROADWAY PREFERRED STOCK (EXCLUSIVE OF ANY ELEMENT OF VALUE ATTRIBUTABLE TO THE MERGER). BROADWAY'S BOARD OF DIRECTORS HAS UNANIMOUSLY APPROVED THE MERGER AND DETERMINED THAT THE MERGER IS FAIR TO HOLDERS OF BROADWAY PREFERRED STOCK . SEE "SPECIAL FACTORS -- DETERMINATIONS BY THE BOARD; FAIRNESS OF THE MERGER."

IN ORDER TO RECEIVE PAYMENT OF THE MERGER PRICE AFTER THE EFFECTIVE TIME, A PROPERLY COMPLETED LETTER OF TRANSMITTAL IN THE FORM ENCLOSED HERewith, TOGETHER WITH CERTIFICATES REPRESENTING SHARES (OR FRACTIONS THEREOF) OF BROADWAY PREFERRED STOCK (INCLUDING, TO THE EXTENT NOT PREVIOUSLY EXCHANGED, CERTIFICATES WHICH FORMERLY REPRESENTED SHARES OF SERIES A PREFERRED STOCK OF BROADWAY OUTSTANDING PRIOR TO THE MERGER OF A SUBSIDIARY OF FEDERATED WITH AND INTO BROADWAY ON OCTOBER 11, 1995 AND WHICH, AS A RESULT OF SUCH MERGER, PRESENTLY REPRESENT A NUMBER OF SHARES (OR FRACTIONS THEREOF) OF BROADWAY PREFERRED STOCK EQUAL TO THE NUMBER OF SHARES OF SERIES A PREFERRED STOCK FORMERLY REPRESENTED THEREBY DIVIDED BY 1,000), MUST BE DELIVERED TO THE BANK OF NEW YORK, AS PAYING AGENT, BY MAIL, HAND DELIVERY, OR OVERNIGHT COURIER IN THE MANNER SET FORTH IN THE LETTER OF TRANSMITTAL.

Under the DGCL, persons who are holders of record of Broadway Preferred Stock have the right to dissent and demand an appraisal of their shares (or fractions thereof) and to be paid in cash for the appraised value thereof (which could be less than or greater than the Merger Price). Such persons who demand to have their shares (or fractions thereof) appraised and who comply with the other applicable provisions of the DGCL will be entitled to receive the "fair value" of their shares (or fractions thereof) pursuant to the procedures discussed more fully in the accompanying Information Statement under the caption "The Merger -- Appraisal Rights of Dissenting Stockholders." Any such person who wishes to exercise this right to an appraisal must do so on or before April __, 1996, by making a written demand to Broadway. Appraisal demands will not be accepted unless made by or on behalf of persons who are holders of record of Broadway Preferred Stock. Reference is made to the information in the accompanying Information Statement under the caption "The Merger -- Appraisal Rights of Dissenting Stockholders" and to Annex I attached thereto for detailed information concerning appraisal rights and the manner in which they are to be perfected.

Please read carefully the accompanying Information Statement and the Annexes thereto (which constitute part of this Notice) and the other materials enclosed herewith for additional information regarding the Merger and related matters.

THIS TRANSACTION HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, NOR HAS THE COMMISSION PASSED UPON THE FAIRNESS OF SUCH TRANSACTION NOR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS

UNLAWFUL.

BROADWAY STORES, INC.
PRELIMINARY COPY--FOR USE OF THE COMMISSION ONLY

INFORMATION STATEMENT

CONCERNING THE MERGER OF
A SUBSIDIARY OF FEDERATED DEPARTMENT STORES, INC.
WITH AND INTO

BROADWAY STORES, INC.

This Information Statement is being mailed by certified mail on March __, 1996 to the holders of record of Series A Preferred Stock, par value \$0.01 per share ("Broadway Preferred Stock"), of Broadway Stores, Inc. ("Broadway") as of March __, 1996 in connection with the proposed merger (the "Merger") of Broadway Merger Sub, Inc. ("Merger Sub"), a wholly owned subsidiary of Federated Department Stores, Inc. ("Federated"), with and into Broadway. The Merger is to be consummated pursuant to the terms of the Agreement and Plan of Merger (the "Merger Agreement"), dated as of March __, 1996, by and among Broadway, Merger Sub and Federated and in accordance with the General Corporation Law of the State of Delaware (the "DGCL"). The Merger Agreement was approved by Broadway's Board of Directors and adopted pursuant to a written consent signed by Federated, as the holder of all of the issued and outstanding shares of Common Stock, par value \$0.01 per share, of Broadway ("Broadway Common Stock"), which constitute approximately 98% of the total combined voting power of the Broadway Common Stock and the Broadway Preferred Stock. As a result of such written consent, no further action by the stockholders of Broadway is necessary to approve or consummate the Merger and no such approval is sought. No meeting of the stockholders of Broadway will be held. The Merger is expected to become effective on April __, 1996.

Pursuant to the terms of the Merger Agreement and Section 251 of the DGCL, at the effective time of the Merger (the "Effective Time") each one-one thousandth of a share of Broadway Preferred Stock outstanding immediately prior thereto will be converted into the right to receive from Federated \$ ___ in cash (the "Merger Price"), without interest thereon, subject to the rights of holders thereof to seek an appraisal of their shares. In order to receive payment of the Merger Price after the Effective Time, a properly completed Letter of Transmittal in the form enclosed herewith, together with certificates representing shares (or fractions thereof) of Broadway Preferred Stock (including, to the extent not previously exchanged, certificates which formerly represented shares of Series A Preferred Stock of Broadway outstanding prior to the merger of a subsidiary of Federated with and into Broadway on October 11, 1995 and which, as a result of such merger, presently represent a number of shares (or fractions thereof) of Broadway Preferred Stock equal to the number of shares of Series A Preferred Stock formerly represented thereby divided by 1,000), must be delivered to The Bank of New York, as paying agent, by mail, hand delivery, or overnight courier in the manner set forth in the Letter of Transmittal. In the event the Merger Agreement is terminated without the Merger being consummated, certificates delivered to the paying agent will be promptly returned.

BROADWAY'S BOARD OF DIRECTORS BELIEVES THAT THE MERGER PRICE IS GREATER THAN THE VALUE OF ONE ONE-THOUSANDTH OF A SHARE OF BROADWAY PREFERRED STOCK (EXCLUSIVE OF ANY ELEMENT OF VALUE ATTRIBUTABLE TO THE MERGER). BROADWAY'S BOARD OF DIRECTORS HAS UNANIMOUSLY APPROVED THE MERGER AND DETERMINED THAT THE MERGER IS FAIR TO HOLDERS OF BROADWAY PREFERRED STOCK. SEE "SPECIAL FACTORS -- DETERMINATIONS BY THE BOARD; FAIRNESS OF THE MERGER."

This Information Statement is accompanied by a notice under Section 228(d) of the DGCL that the Merger has been approved by the holders of a majority of outstanding stock of Broadway entitled to vote thereon. The accompanying notice is also a notice of the availability of appraisal rights pursuant to Section 262(d)(2) of DGCL. Under Section 262 of the DGCL, holders of Broadway Preferred Stock who do not wish to accept the Merger Price have the right to seek an appraisal of the "fair value" of their shares (which could be less than or greater than the Merger Price). For a discussion of the rights of holders of Broadway Preferred Stock to seek such an appraisal, see "The Merger - - Appraisal Rights of Dissenting Stockholders."

This Information Statement is also accompanied by Broadway's Annual Report on Form 10-K for the fiscal year ended January 28, 1995 and its Quarterly Report on Form 10-Q for the fiscal quarter ended October 28, 1995. These reports contain additional information regarding Broadway and should be read together with the information set forth herein. For a discussion of the availability of additional reports and other information regarding Broadway and Federated, see "Additional Information."

NO PROXIES OR CONSENTS ARE BEING SOLICITED IN CONNECTION WITH THE MERGER AND YOU ARE REQUESTED NOT TO SUBMIT A PROXY OR CONSENT.

THIS TRANSACTION HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, NOR HAS THE COMMISSION PASSED UPON THE FAIRNESS OF SUCH TRANSACTION NOR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

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ANNEX I - Section 262 of the Delaware General Corporation Law
ANNEX II - Agreement and Plan of Merger

(i)

To the Holders of Series A Preferred Stock of
Broadway Stores, Inc. as of March __, 1996:

INTRODUCTION

This Information Statement is being furnished to the holders of Series A Preferred Stock, par value \$0.01 per share ("Broadway Preferred Stock"), of Broadway Stores, Inc. ("Broadway") as of March __, 1996 (the "Record Date") in connection with the proposed merger (the "Merger") of Broadway Merger Sub, Inc. ("Merger Sub"), a wholly owned subsidiary of Federated Department Stores, Inc. ("Federated"), with and into Broadway. The Merger is to be consummated pursuant to the terms of the Agreement and Plan of Merger (the "Merger Agreement"), dated as of March __, 1996, by and among Broadway, Merger Sub and Federated and in accordance with the General Corporation Law of the State of Delaware (the "DGCL"). The Merger Agreement was approved by Broadway's Board of Directors and adopted pursuant to a written consent signed by Federated, as the holder of all of the issued and outstanding shares of Common Stock, par value \$0.01 per share, of Broadway ("Broadway Common Stock"), which constitute approximately 98% of the total combined voting power of the Broadway Common Stock and the Broadway Preferred Stock. As a result of such written consent, no further action by the stockholders of Broadway is necessary to approve or consummate the Merger and no such approval is sought. No meeting of the stockholders of Broadway will be held. The Merger is expected to become effective on April __, 1996.

BROADWAY'S BOARD OF DIRECTORS BELIEVES THAT THE MERGER PRICE IS GREATER THAN THE VALUE OF ONE ONE-THOUSANDTH OF A SHARE OF BROADWAY PREFERRED STOCK (EXCLUSIVE OF ANY ELEMENT OF VALUE ATTRIBUTABLE TO THE MERGER). BROADWAY'S BOARD OF DIRECTORS HAS UNANIMOUSLY APPROVED THE MERGER AND DETERMINED THAT THE MERGER IS FAIR TO HOLDERS OF BROADWAY PREFERRED STOCK. SEE "SPECIAL FACTORS -- DETERMINATIONS BY THE BOARD; FAIRNESS OF THE MERGER."

SPECIAL FACTORS

BACKGROUND OF THE MERGER

Prior to August 14, 1995, all of the issued and outstanding shares of common stock of Broadway ("Old Broadway Common Stock") and all of the issued and outstanding shares of preferred stock of Broadway ("Old Broadway Preferred Stock") were owned by persons other than Federated. On August 14, 1995, Broadway, Federated and a wholly owned subsidiary of Federated ("Newco") entered into a merger agreement (the "1995 Merger Agreement") providing for, among other things, the merger of Newco with and into Broadway (the "1995 Merger"). Concurrently therewith, Federated and Zell/Chilmark Fund, L.P., the former majority stockholder of Broadway (the "Majority Stockholder"), entered into an agreement (the "Stock Agreement") providing for, among other things, the voting by the Majority Stockholder of all of its shares of Old Broadway Common Stock in favor of the adoption of the 1995 Merger Agreement and the grant by the Majority Stockholder to Federated of an option to purchase all of the Majority Stockholder's shares of Old Broadway Common Stock. Certain events leading up to the execution of the 1995 Merger Agreement and the Stock Agreement, insofar as Federated was involved therein, are described below.

On April 20, 1995, Broadway announced that it was exploring the possible sale of its Southwest Division ("Broadway-Southwest"), which comprised 12 department stores located outside California. Federated, along with a number of other companies, subsequently entered into a confidentiality agreement with Broadway and reviewed certain information provided by Broadway relating to the possible sale of Broadway-Southwest. In May 1995, representatives of Federated informed representatives of Broadway that Federated had determined not to pursue the possible purchase of Broadway-Southwest. At that time, representatives of Federated also informed representatives of Broadway that Federated might be interested in exploring the possibility of a larger transaction involving Broadway. During June and July of 1995, Broadway furnished Federated additional information regarding Broadway's business and assets. On August 9, 1995, representatives of Broadway, the Majority Stockholder, and Federated met to discuss a possible business combination of Broadway and Federated. At that meeting, representatives of Federated indicated that Federated had not concluded its due

diligence analysis of Broadway, but based upon its review to date it would be willing to consider a possible transaction in which Federated would acquire Broadway in a stock-for-stock merger having a value within a specified range of possible values. Federated indicated that it would not proceed to complete its due diligence or negotiate the terms of an acquisition in that value range unless Federated were given assurances by both Broadway and the Majority Stockholder that neither of them would simultaneously pursue alternative transactions or disclose Federated's indicated range of possible values to third parties. Federated also indicated that the terms of any transaction would have to be supported by the Majority Stockholder and otherwise be structured so that the transaction had a high likelihood of consummation. Representatives of Broadway and the Majority Stockholder indicated that they were willing to provide Federated with the protections that Federated requested only in connection with a transaction at the higher end of Federated's indicated range of possible values. Although no agreements were then reached with respect to the terms of a possible transaction, at the conclusion of the meeting on August 9, 1995 representatives of Broadway and the Majority Stockholder informed representatives of Federated that Broadway and the Majority Stockholder would negotiate exclusively with Federated for a limited period of time through Noon, Eastern Time, on August 14, 1995 (which time was thereafter extended by Broadway and the Majority Stockholder at Federated's request to the end of the day on August 14, 1995) so as to permit Federated to conclude its due diligence and the parties to negotiate the terms of a possible transaction. During the period from August 10, 1995 through August 14, 1995, Federated completed its due diligence review and Federated and Broadway engaged in intensive negotiations of the terms of the 1995 Merger Agreement. The negotiations between Federated and Broadway culminated in the approval on August 14, 1995 of the 1995 Merger Agreement by each of Federated's and Broadway's Board of Directors. In the course of those negotiations, Federated insisted on certain contractual protections to ensure that the 1995 Merger would be consummated, including a requirement that Broadway pay Federated a termination fee of \$100.0 million in the event that the 1995 Merger were not consummated. Following Broadway's refusal to agree to any termination fee, Federated indicated that it would be willing to proceed without a termination fee only on the condition that the Majority Stockholder grant Federated an option on the Majority Stockholder's shares of Old Broadway Common Stock and agree to vote those shares in favor of the 1995 Merger. Following the conclusion of the foregoing negotiations, the relevant parties executed the 1995 Merger Agreement and the Stock Agreement. Additional information regarding the 1995 Merger is contained in Federated's Registration Statement on Form S-4 (Registration No. 33-62077), which may be inspected and copied or obtained as described in "Additional Information."

Following the adoption of the 1995 Merger Agreement by the former stockholders of Broadway at a special meeting convened for such purpose, the 1995 Merger was consummated on October 11, 1995. At the effective time of the 1995 Merger, (i) each then-outstanding share of Old Broadway Common Stock was converted into the right to receive 0.27 shares of common stock of Federated (the "Federated Common Stock"), (ii) each then-outstanding share of Old Broadway Preferred Stock was converted into one one-thousandth of a share of Broadway Preferred Stock, and (iii) each then-outstanding share of common stock of Newco was converted into 370.44 shares of Broadway Common Stock. As a result of the 1995 Merger, Federated owns all of the outstanding shares of Broadway Common Stock, which constitute approximately 98% of the total combined voting power of the Broadway Common Stock and the Broadway Preferred Stock. In addition, the directors and officers of Newco, each of whom was and continues to be an employee of Federated, became the directors and officers of Broadway.

The rights and preferences of the Broadway Preferred Stock (which are described below under "-- Terms of the Broadway Preferred Stock") were designed such that one one-thousandth of a share of Broadway Preferred Stock would have rights and preferences substantially identical to those of one share of Old Broadway Preferred Stock. Prior to the 1995 Merger, each outstanding share of Old Broadway Preferred Stock was exchangeable for one warrant (an "Old Broadway Warrant") to purchase one share of Old Broadway Common Stock for a purchase price of \$17.00. As a result of the 1995 Merger, each Old Broadway Warrant became and continues to be exercisable to purchase 0.27 shares of Federated

Common Stock for a purchase price of \$17.00 (i.e., \$62.96 per whole share of Federated Common Stock). Similarly, each one one-thousandth of a share of Broadway Preferred Stock is exchangeable for one warrant (a "Broadway Warrant") to purchase 0.27 shares of Federated Common Stock for a purchase price of \$17.00 (i.e., a purchase price equal to \$62.96 per whole share of Federated Common Stock). The last reported sale price for shares of Federated Common Stock on the New York Stock Exchange (the "NYSE") on March __, 1996, the last trading day prior to the mailing of this Information Statement, was \$_____.

Following the consummation of the 1995 Merger, Broadway determined that certain costs associated with the Broadway Preferred Stock, including the costs of complying with certain provisions of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with respect thereto, were quite substantial and likely to exceed the aggregate value of the Broadway Preferred Stock. In addition, certain holders of shares (or fractions thereof) of Broadway Preferred Stock, including participants in certain of Broadway's employee benefit plans, had complained of the absence of an established trading market for the Broadway Preferred Stock and had expressed an interest in having their shares (or fractions thereof) converted into cash. After unsuccessfully seeking a so-called "no-action" letter from the staff of the Securities and Exchange Commission (the "Commission") with respect to Broadway's proposed noncompliance with certain provisions of the Exchange Act with respect to the Broadway Preferred Stock, Broadway determined to pursue the Merger. See "-- Determinations by the Board; Fairness of the Merger" and "-- Purpose of the Merger."

TERMS OF BROADWAY PREFERRED STOCK

As a result of the 1995 Merger, Broadway's certificate of incorporation provides that the authorized capital stock of Broadway consists of 37,100 shares of Broadway Common Stock, of which 37,044 were issued and outstanding and owned of record by Federated on the Record Date and 900 shares of Broadway Preferred Stock, of which 738.1 (or 738,111 one one-thousandths of a share) were issued and outstanding and owned of record by approximately 2,860 stockholders on the Record Date. The terms of the Broadway Preferred Stock are summarized briefly below.

Dividends and Distributions. Holders of Broadway Preferred Stock are entitled to receive, when, as, and if declared by the Board of Directors of Broadway, annual dividends payable in arrears in cash on September 15 of each year in an amount equal to \$50.00 per whole share (or \$0.05 per one one-thousandth of a share) per annum (and no more). Dividends not declared and paid do not cumulate and Broadway has no continuing obligation with respect thereto. Consistent with Broadway's practice in respect of the Old Broadway Preferred Stock, and irrespective of Broadway's determination to pursue the Merger, no dividends have been declared or paid on the Broadway Preferred Stock and none are expected to be declared or paid thereon in the foreseeable future. In addition, Broadway's credit agreements prohibit Broadway from paying dividends to its stockholders.

Voting Rights. Each whole share of Broadway Preferred Stock entitles the holder thereof to one vote on all matters submitted to a vote of the stockholders of Broadway. Except with respect to certain amendments to Broadway's certificate of incorporation, the holders of Broadway Preferred Stock and the holders of Broadway Common Stock vote together as one class on all matters submitted to a vote of Broadway stockholders. Because the Broadway Common Stock (all of which is owned by Federated) represents approximately 98% of the combined voting power of the Broadway Common Stock and the Broadway Preferred Stock, no vote or consent of the holders of Broadway Preferred Stock is required for the taking of any corporate action (except with respect to certain amendments to Broadway's certificate of incorporation).

Liquidation. Upon any liquidation (voluntary or otherwise), dissolution, or winding up of Broadway, holders of Broadway Preferred Stock are entitled to a liquidation preference of \$250.00 per whole share (or \$0.25 per one one-thousandth of a share) (the "Liquidation Preference") prior to any distribution being made to the holders of shares of stock ranking junior to the Broadway Preferred Stock. After payment of the Liquidation Preference, holders of Broadway Preferred Stock are not entitled to any further right or claim to any of the remaining assets of Broadway. No liquidation, dissolution, or winding up of Broadway is expected to occur in the foreseeable future.

Optional Redemption. All or any portion of the Broadway Preferred

Stock is redeemable by Broadway, at its option, at any time after October 8, 1999 at a price equal to \$250.00 per whole share (or \$0.25 per one one-

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thousandth of a share). Prior to determining to pursue the Merger, it was Broadway's intention to effect the redemption of all of the Broadway Preferred Stock at the earliest possible date.

Exchange. Holders of record of Broadway Preferred Stock are entitled to exchange, at any time prior to the close of business on October 8, 1999 (or earlier under certain circumstances) each one one-thousandth of a share of Broadway Preferred Stock so held for one Broadway Warrant. Each Broadway Warrant would entitle the holder thereof to purchase Federated Common Stock for a purchase price equal to \$62.96 per whole share of Federated Common Stock. Such purchase price is more than 200% of the highest price at which shares of Federated Common Stock have traded on the NYSE subsequent to Federated's emergence from bankruptcy proceedings in February 1992, and there can be no assurance that the market price for shares of Federated Common Stock will exceed such purchase price prior to the expiration of the Broadway Warrants on October 8, 1999.

As a result of the foregoing terms of the Broadway Preferred Stock, Broadway believes that, absent the Merger, each one one-thousandth of a share thereof would have two components of theoretical value: (i) a theoretical value as preferred stock of Broadway (i.e., the value derived from its dividend, voting, liquidation, and redemption rights as described above) and (ii) a theoretical value as a right, following exchange for a Broadway Warrant, to purchase one share of Federated Common Stock for \$62.96. Because Broadway believes that there is no reasonable expectation that any dividend or liquidation payments on the Broadway Preferred Stock would be made prior to October 8, 1999, after which date the Broadway Preferred Stock could be redeemed at Broadway's option for \$0.25 per one one-thousandth of a share, Broadway believes that the first component of theoretical value does not exceed the present value of a hypothetical right to receive \$0.25 at some date after October 8, 1999. Because the right to exchange each one one-thousandth of a share of Broadway Preferred Stock expires on October 8, 1999, Broadway believes that the two components of theoretical value thereof are mutually exclusive (i.e., to receive a redemption payment after October 8, 1999, a holder would be required to forego exchanging shares of Broadway Preferred Stock for Broadway Warrants prior to that date and, conversely, to exchange shares of Broadway Preferred Stock for Broadway Warrants on or prior to October 8, 1999, a holder would be required to forego receiving any redemption payment after such date). Although Broadway has not attempted to value the Broadway Warrant for which each one one-thousandth of a share of Broadway Preferred Stock is exchangeable using the Black-Scholes methodology or any similar valuation technique, Broadway believes that market prices for the publicly traded Old Broadway Warrants (which have economic terms that are substantially identical to those of the Broadway Warrants) provide an appropriate reference for assessing the second component of theoretical value of the Broadway Preferred Stock. During the period from October 14, 1995 to March __, 1996, the closing sale prices for Broadway Warrants on the NYSE ranged from a high of \$___ on _____, 199__ to a low of \$___ on _____, 199__, and such closing sale price was \$___ on March __, 1996 (the last trading day prior to the mailing of this Information Statement). See "-- Determinations by the Board; Fairness of the Merger."

DETERMINATIONS BY THE BOARD; FAIRNESS OF THE MERGER

At a meeting held on _____, 1996, Broadway's Board of Directors unanimously determined (i) to approve the Merger Agreement and the consummation of the transactions contemplated thereby and (ii) that the Merger is fair to holders of Broadway Preferred Stock.

Broadway's Board of Directors believes that the Merger Price is greater than the value of one one-thousandth of a share of Broadway Preferred Stock (exclusive of any element of value attributable to the Merger). See "-- Terms of Broadway Preferred Stock." As a result of that belief, the liquidity to be provided to the holders of Broadway Preferred Stock as a result of the Merger, and the substantial cost savings expected to be realized by Broadway as a result of the Merger, Broadway's Board of Directors believes that the Merger

is fair to the holders of Broadway Preferred Stock.

In reaching its conclusions with respect to the fairness of the Merger to the holders of Broadway Preferred Stock, Broadway's Board of Directors considered, among other factors, the following:

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(1) The absence of any established trading market for the Broadway Preferred Stock (see "-- Absence of Organized Trading Market") and the resultant illiquidity of an investment therein.

(2) The range of prices that certain third parties contacted by Broadway indicated in December 1995 that they might be willing to pay for the Broadway Preferred Stock owned by one of Broadway's employee benefit plans (i.e., \$0.06 to \$0.24 per one one-thousandth of a share of Broadway Preferred Stock).

(3) The intention of Broadway, consistent with its historical practice, not to declare or pay any dividends on the Broadway Preferred Stock in the foreseeable future.

(4) The ability of Broadway to redeem the Broadway Preferred Stock at a price equal to \$0.25 per one one-thousandth of a share of Broadway Preferred Stock at any time after October 8, 1999.

(5) The price at which the Broadway Warrant for which each one one-thousandth of a share of Broadway Preferred Stock is exchangeable could be exercised to purchase Federated Common Stock (i.e., \$62.96 per whole share of Federated Common Stock) relative to recent closing sale prices on the NYSE for shares of Federated Common Stock (which ranged from \$ ____ to \$ ____ during the period from October 14, 1995 to March __, 1996).

(6) Closing sales prices on the NYSE for the Old Broadway Warrants (the economic terms of which are substantially identical to those of the Broadway Warrants for which each one one-thousandth of a share of Broadway Preferred Stock is exchangeable), which ranged from \$ ____ to \$ ____ during the period from October 14, 1995 to March __, 1996, together with the fact that the value of an Old Broadway Warrant would likely exceed the value of a Broadway Warrant in light of the NYSE trading market for the former and the absence of any established trading market for the latter.

In view of the wide variety of factors considered in connection with its evaluation of the Merger, Broadway's Board of Directors did not find it practicable to, and did not, quantify or otherwise attempt to assign relative weights to the specific factors considered in reaching its determination that the Merger is fair to holders of Broadway Preferred Stock.

No person was retained as an unaffiliated representative to act on behalf of holders of Broadway Preferred Stock for purposes of negotiating the terms of the Merger. Neither Broadway nor Federated has received any report, opinion, or appraisal from an outside party relating to the Merger Price or the fairness of the Merger Price to holders of Broadway Preferred Stock, Broadway, or Federated.

PURPOSE OF THE MERGER

The principal purpose of the Merger is to achieve substantial cost savings for Broadway. Following the completion of the Merger, Broadway intends (subject to the receipt of an appropriate no-action letter or exemptive order with respect to the Old Broadway Warrants, which will remain outstanding after the Merger) to cease complying with certain provisions of the Exchange Act. The Merger will also result in Broadway no longer being subject to the provisions of the Exchange Act regulating the solicitation of proxies and the taking of stockholder action by written consent. See "-- Certain Effects of the Merger." Relief from the reporting and other provisions of the Exchange Act expected to result from the Merger is expected to result in savings to Broadway of more than \$500,000 per year.

Certain holders of shares (or fractions thereof) of Broadway Preferred

Stock, including participants in certain of Broadway's employee benefit plans, have complained of the absence of an established trading market for the Broadway Preferred Stock and have expressed an interest in having their shares (or fractions thereof) converted into cash. The Merger will result in all of the outstanding shares of Broadway Preferred Stock being converted into the right to receive cash in an amount equal to the Merger Price, without interest thereon (or, in the case of any holder thereof who properly perfects appraisal rights, cash in an amount equal to the appraised value thereof), thereby providing liquidity to all of the holders thereof.

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INTERESTS OF CERTAIN PERSONS IN THE MERGER

Stockholders should be aware of certain actual or potential conflicts of interest in connection with the Merger. The Board of Directors of Broadway consists solely of persons who are employees of Federated and are serving as directors of Broadway at the request of Federated. See "Certain Information Concerning Broadway -- Directors and Executive Officers." Under Federated's Certificate of Incorporation and By-Laws, such persons will, subject to certain exceptions, be indemnified by Federated against liability for actions taken or omitted to be taken in their capacities both as employees of Federated and directors and executive officers of Broadway. In addition, under Broadway's Certificate of Incorporation and By-Laws, such persons will, subject to certain exceptions, be indemnified by Broadway against liability for actions taken or omitted to be taken in their capacities as directors and executive officers of Broadway.

As of the Record Date, Federated owned 37,044 shares of Broadway Common Stock, constituting all of the issued and outstanding shares of Broadway Common Stock and approximately 98% of the total combined voting power of the Broadway Common Stock and Broadway Preferred Stock. In addition, As of the Record Date, Bankers Trust Company, as the trustee of Broadway's 401(k) Savings and Investment Plan, owned 411.6 shares (or 411,600 one one-thousandths of a share) of Broadway Preferred Stock, constituting approximately 56% of the total number of issued and outstanding shares of Broadway Preferred Stock. See "Certain Information Concerning Broadway -- Security Ownership of Certain Beneficial Owners and Management."

CERTAIN EFFECTS OF THE MERGER

At the Effective Time, each one one-thousandth of a share of Broadway Preferred Stock will, subject to the rights of holders thereof to seek an appraisal of their shares, be converted into the right to receive the Merger Price, without interest thereon. All other rights of holders of Broadway Preferred Stock, including the right to exchange the same for Broadway Warrants, will terminate at the Effective Time. At the Effective Time, all shares of Broadway Preferred Stock will cease to be outstanding and be cancelled and retired. As a result of the Merger, Broadway will become a wholly owned subsidiary of Federated. See "The Merger -- The Merger Agreement."

Although the Broadway Preferred Stock is not listed or admitted to trading on any national securities exchange or other organized securities market (see "-- Absence of Organized Trading Market"), the Broadway Preferred Stock may be deemed to be registered under the Exchange Act. Such registration under the Exchange Act may be terminated upon application of Broadway to the Commission if there are fewer than 300 record holders of shares (or fractions thereof) of Broadway Preferred Stock. It is the intention of Broadway to terminate the registration of the Broadway Preferred Stock under the Exchange Act as soon as possible following the Effective Time. See "-- Purpose of the Merger." Termination of the registration of the Broadway Preferred Stock under the Exchange Act would substantially reduce the information required to be furnished by Broadway to its securityholders (subject to the receipt of an appropriate no-action letter or exemptive order with respect to the Old Broadway Warrants, which will remain outstanding after the Merger) and would make certain provisions of the Exchange Act, such as the requirement of furnishing a proxy statement in connection with stockholders' meetings pursuant to Section 14(a), no longer applicable to Broadway.

ABSENCE OF ORGANIZED TRADING MARKET

The Broadway Preferred Stock is not listed or admitted to trading on any national securities exchange or other organized securities market. Accordingly, neither sales prices nor bid quotations with respect to the Broadway Preferred Stock are reported in the consolidated transaction reporting system of any exchange or the National Association of Securities Dealers, Inc. Automated Quotation System or any comparable system. ANY PERSON WHO BENEFICIALLY OWNS BROADWAY PREFERRED STOCK IS URGED TO CONTACT HIS, HER, OR ITS BROKER, DEALER, COMMERCIAL BANK, TRUST COMPANY, OR OTHER FINANCIAL PROFESSIONAL TO SEEK TO OBTAIN INFORMATION REGARDING THE PRICES AT WHICH RECENT TRANSACTIONS, IF ANY, INVOLVING THE PURCHASE AND SALE OF BROADWAY PREFERRED STOCK HAVE BEEN EFFECTED.

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PLANS FOR BROADWAY AFTER THE MERGER

Federated is in the process of integrating Broadway's businesses (including its merchandising, credit, and electronic data processing and management information services and other support functions) with the businesses of Federated's other subsidiaries. It is anticipated that a number of Broadway's department stores will be disposed of and that Broadway's retained department stores will be converted to other nameplates of Federated. As of February 3, 1996, Broadway had entered into definitive agreements to sell nine of these stores and had yet to make a determination with respect to the disposition of certain other stores. Such transactions have resulted or may result in assets of Broadway and its subsidiaries being transferred to other persons or entities, including Federated and its subsidiaries.

Following the completion of the Merger, Broadway intends to amend its Certificate of Incorporation to reduce its authorized capital to 100 shares of common stock.

THE MERGER

THE MERGER AGREEMENT

The following discussion is a summary of the material provisions of the Merger Agreement. This summary and all other discussions of the terms of the Merger and the Merger Agreement included elsewhere in this Information Statement are qualified in their entirety by reference to the Merger Agreement, a copy of which is attached hereto as Annex II and incorporated by reference herein.

The Merger. Pursuant to the Merger Agreement, at the Effective Time Merger Sub will be merged with and into Broadway in accordance with the applicable provisions of the DGCL with Broadway as the surviving corporation (as such, the "Surviving Company"), and the separate corporate existence of Merger Sub will thereupon cease. The Merger will have the effects specified in the DGCL.

Effective Time. The Merger Agreement provides that, as soon as practicable, Broadway and Merger Sub will cause either the Merger Agreement or a Certificate of Merger to be filed with the Secretary of the State of Delaware in accordance with Section 251 of the DGCL. Upon completion of such filing, the Merger will become effective in accordance with the DGCL.

Conversion of Securities in the Merger. The Merger Agreement provides that, at the Effective Time (i) each share of Broadway Common Stock issued and outstanding will cease to be outstanding and be cancelled and retired without payment of any consideration therefor, (ii) each one one-thousandth of a share of Broadway Preferred Stock issued and outstanding (other than any one one-thousandth of a share of Broadway Preferred Stock held by a holder who demands and perfects rights of appraisal in accordance with the applicable provisions of the DGCL) will, by virtue of the Merger and without any action on the part of the holder thereof, be converted to the right to receive the Merger Price, without interest, from Federated and will cease to be outstanding and be cancelled and retired, and (iii) each share of common stock, par value \$0.01

per share, of Merger Sub issued and outstanding will, by virtue of the Merger and without any action on the part of the holder thereof, be converted into one share of common stock, par value \$0.01 per share, of the Surviving Company. As a result of the Merger, each holder of a certificate representing Broadway Preferred Stock that has not perfected his appraisal rights under the DGCL will cease to have any rights with respect thereto (including the right to exchange the same for Broadway Warrants), except the right to receive the Merger Price upon surrender of such certificate as described below under the caption "-- Surrender of Certificates; Payment to Stockholders."

Certificate of Incorporation and By-Laws of the Surviving Company. The Merger Agreement provides that the Certificate of Incorporation and By-Laws of Broadway immediately prior to the Effective Time will be the Certificate of Incorporation and By-Laws of the Surviving Company after the Effective Time.

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Directors and Officers of the Surviving Company. The Merger Agreement provides that the members of the Board of Directors of Broadway immediately prior to the Effective Time will be the members of the Board of Directors of the Surviving Company after the Effective Time, until their successors have been duly elected or appointed and qualified or until their earlier death, resignation, or removal in accordance with the Certificate of Incorporation and the By-Laws of the Surviving Company, and the officers of Broadway immediately prior to the Effective Time will be officers of the Surviving Company after the Effective Time, until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Certificate of Incorporation and the By-Laws of the Surviving Company.

Payment for Shares of Broadway Preferred Stock. At the Effective Time, Federated will make available to the Paying Agent (as defined below) funds in the amount sufficient to effect the delivery of the aggregate Merger Price payable to the holders of Broadway Preferred Stock. Federated will instruct the Paying Agent to deliver the aggregate Merger Price contemplated to be paid pursuant to the Merger Agreement out of the funds provided to it by Federated and not to use such funds for any other purpose.

Closing of Stock Transfer Records. No transfers of shares of Broadway Preferred Stock will be made on the stock transfer books of Broadway after the close of business on the day prior to the date of the Effective Time.

Termination. The Merger Agreement may be terminated at any time prior to the Effective Time by mutual agreement of Broadway and Merger Sub.

REGULATORY APPROVALS

No federal or state regulatory approvals are required to be obtained, nor any regulatory requirements complied with, by any party to the Merger Agreement, except for the requirements of the DGCL in connection with stockholder approvals and consummation of the Merger and the requirements of federal securities law.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following is a general summary of the material federal income tax consequences of the Merger to persons who are holders of record of Broadway Preferred Stock (including the consequences of the receipt by dissenting stockholders of any cash amounts pursuant to the exercise of appraisal rights). The following discussion applies only to holders of Broadway Preferred Stock in whose hands shares (or fractions thereof) of Broadway Preferred Stock are "capital assets" within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"), and may not apply to shares (or fractions thereof) of Broadway Preferred Stock received pursuant to the exercise of employee stock options or otherwise as compensation, or to holders of Broadway Preferred Stock who are not citizens or residents of the United States.

The following discussion of federal income tax consequences is included for general informational purposes only and is based upon present law. BECAUSE INDIVIDUAL CIRCUMSTANCES MAY DIFFER, EACH HOLDER OF BROADWAY PREFERRED

STOCK SHOULD CONSULT SUCH HOLDER'S OWN TAX ADVISOR TO DETERMINE THE APPLICABILITY OF THE RULES DISCUSSED BELOW TO SUCH HOLDER AND THE PARTICULAR TAX EFFECTS OF THE MERGER, INCLUDING THE APPLICATION AND EFFECT OF FOREIGN, STATE, LOCAL, AND OTHER TAX LAWS.

Consequences to Holders of Broadway Preferred Stock. The conversion of Broadway Preferred Stock into the right to receive cash pursuant to the Merger (including any cash amounts received by dissenting stockholders pursuant to the exercise of appraisal rights) will be a taxable transaction for federal income tax purposes (and in addition will probably be a taxable transaction under applicable state, local and other income tax laws). In general, for federal income tax purposes, a holder of Broadway Preferred Stock will recognize gain or loss equal to the difference between such holder's adjusted tax basis in the Broadway Preferred Stock converted in the Merger and the amount of cash received therefor. Gain or loss must be determined separately for each block of Broadway Preferred Stock (i.e., Broadway Preferred Stock acquired at the same cost in a single transaction) converted to cash in the Merger. Such gain or loss generally will be capital gain or loss and will be long-term

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gain or loss if, on the date of the Merger, holders of Broadway Preferred Stock had held their shares for more than one year. In determining whether this one-year holding period requirement has been met, holders of Broadway Preferred Stock may include their holding period with respect to shares of Old Broadway Preferred Stock converted in the 1995 Merger provided that (i) such shares of Old Broadway Preferred Stock and the shares of Broadway Preferred Stock into which they were converted have been continuously held as a capital assets throughout the applicable holding period and (ii) the 1995 Merger qualified as a reorganization within the meaning of Section 368(a)(1)(A) and (a)(2)(E) of the Code. Although it is generally anticipated that the 1995 Merger will so qualify, there can be no assurance that the Internal Revenue Service will agree with that characterization. If the 1995 Merger did not qualify as a reorganization, holders of Broadway Preferred Stock would generally not qualify for long-term gain or loss treatment in connection with the Merger.

Capital Gains. Under present federal income tax laws, in certain circumstances capital gains are subject to more favorable federal income tax rates than ordinary income. From time to time, there has been legislation introduced in Congress designed to further enhance the favorable tax treatment of capital gains. However, there can be no assurance that any such legislation will be enacted or, if so, as to the possible timing or effective date thereof.

Backup Withholding. Payments in connection with the Merger may be subject to "backup withholding" at a 31% rate. Backup withholding generally applies if the stockholder (i) fails to furnish such stockholder's social security number or other taxpayer identification number ("TIN"), (ii) furnishes an incorrect TIN, (iii) fails properly to report interest or dividends, or (iv) under certain circumstances, fails to provide a certified statement, signed under penalties of perjury, that the TIN provided is such stockholder's correct number and that such stockholder is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax. Certain persons generally are exempt from backup withholding, including corporations and financial institutions. Certain penalties apply for failure to furnish correct information and for failure to include the reportable payments in income. Each stockholder should consult with such stockholder's own tax advisor as to such stockholder's qualifications for exemption from withholding and the procedure for obtaining such exemption.

ACCOUNTING TREATMENT OF THE MERGER

Because Broadway and Merger Sub are under the common control of Federated, the Merger will be accounted for in a manner similar to a pooling of interests. Because Merger Sub has only nominal assets and no operations and the aggregate Merger Price will be paid by Federated, the effects of the Merger on Broadway's financial condition and results of operations will be insignificant.

SURRENDER OF CERTIFICATES; PAYMENT TO STOCKHOLDERS

The Bank of New York has been designated as the paying agent (the "Paying Agent") to process the surrender of certificates ("Certificates") representing shares (or fractions thereof) of Broadway Preferred Stock (including, to the extent not previously exchanged, certificates which formerly represented Old Broadway Preferred Stock prior to the 1995 Merger and which, as a result of the 1995 Merger, presently represent a number of shares (or fractions thereof) of Broadway Preferred Stock equal to the number of shares of Old Broadway Preferred Stock represented thereby divided by 1,000) and to make payments of the Merger Price as provided in the Merger Agreement.

In order to receive payment of the Merger Price after the Effective Time, holders of Certificates must complete the enclosed Letter of Transmittal (or a facsimile thereof) and must present the Letter of Transmittal and such Certificates to the Paying Agent as follows:

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By Mail:	By Hand or Overnight Courier:
The Bank of New York	The Bank of New York
Tender and Exchange Department	Tender and Exchange Department
P.O. Box 11248	101 Barclay Street
Church Street Station	Receive and Deliver Window
New York, NY 10286-1248	New York, NY 10286

A return envelope addressed to the Paying Agent is enclosed for your convenience. THE METHOD OF DELIVERY OF CERTIFICATES AND ALL OTHER REQUIRED DOCUMENTS IS AT THE OPTION AND RISK OF THE HOLDER. IF CERTIFICATES AND SUCH OTHER DOCUMENTS ARE SENT BY MAIL, IT IS RECOMMENDED THAT THEY BE SENT BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, PROPERLY INSURED. If the Merger Agreement is terminated without the Merger being consummated, the Paying Agent will promptly return all Certificates.

Holders of Certificates should carefully read and follow the instructions set forth in the Letter of Transmittal. As provided in the Letter of Transmittal, if a check is to be issued in a name different from that in which the surrendered Certificates are registered, (i) such Certificates must be endorsed by the registered owner(s), or accompanied by an instrument of assignment executed by the registered owner(s), with the signatures guaranteed by a financial institution that is a member in good standing of a signature guarantee program within the meaning of Rule 17Ad-15 under the Exchange Act, and (ii) the person requesting such issuance in such different name must pay to the Paying Agent any transfer or other taxes required by reason of such issuance in such different name.

At the Effective Time, Federated will make available to the Paying Agent the funds in the amount sufficient to effect the delivery of the aggregate Merger Price payable to the holders of Broadway Preferred Stock. One year after the Effective Time (subject to possible extension), any remaining funds held by the Paying Agent will be released and paid by the Paying Agent to Federated. After such time, any holders of Certificates who have not surrendered their Certificates to the Paying Agent and received payment therefor may surrender Certificates to Federated and, subject to applicable abandoned property, escheat, and similar laws, receive directly from Federated in exchange therefor \$ ____ in cash per one one-thousandth of a share of Broadway Preferred Stock, without interest thereon, but will have no greater rights against Federated than may be accorded to general creditors of Federated under applicable law.

APPRAISAL RIGHTS OF DISSENTING STOCKHOLDERS

ANY PERSON WHO IS A HOLDER OF RECORD OF BROADWAY PREFERRED STOCK WHO OBJECTS TO THE MERGER MAY ELECT TO HAVE HIS SHARES (OR FRACTIONS THEREOF) APPRAISED UNDER THE PROCEDURES OF THE DGCL AND TO BE PAID THE APPRAISED VALUE OF HIS SHARES (OR FRACTIONS THEREOF), WHICH, PURSUANT TO SECTION 262 OF THE DGCL, WILL BE THE FAIR VALUE THEREOF EXCLUSIVE OF ANY ELEMENT OF VALUE ARISING FROM THE ACCOMPLISHMENT OF THE MERGER. AN APPRAISAL PROCEEDING MAY RESULT IN A

DETERMINATION OF FAIR VALUE LESS THAN OR GREATER THAN THE MERGER PRICE.

Any holder of Certificates contemplating the exercise of appraisal rights is urged to review carefully the provisions of Section 262 of the DGCL (a copy of which is attached as Annex I to this Information Statement), particularly with respect to the procedural steps required to perfect the right of appraisal. The right of appraisal may be lost if the procedural requirements of Section 262 of the DGCL are not followed exactly. If the right of appraisal is lost, the holder of a Certificate will receive the Merger Price, without interest, for each one one-thousandth of a share of Broadway Preferred Stock formerly represented thereby. Set forth below is a summary of the procedures relating to exercise of the right of appraisal which should be read in conjunction with the full text of Section 262 of the DGCL.

A HOLDER OF BROADWAY PREFERRED STOCK ELECTING TO EXERCISE HIS RIGHTS UNDER SECTION 262 OF THE DGCL MUST DELIVER TO BROADWAY, ON OR BEFORE APRIL __, 1996, A WRITTEN DEMAND FOR APPRAISAL OF HIS SHARES (OR FRACTIONS THEREOF). HOLDERS OF BROADWAY PREFERRED STOCK WILL NOT BE NOTIFIED PRIOR TO SUCH DATE (OTHER THAN THIS INFORMATION STATEMENT). A WRITTEN DEMAND FOR APPRAISAL MUST BE DELIVERED EITHER IN PERSON OR BY MAIL

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(CERTIFIED MAIL, RETURN RECEIPT REQUESTED, BEING THE RECOMMENDED FORM OF TRANSMITTAL) TO BROADWAY STORES, INC., 7 WEST SEVENTH STREET, CINCINNATI, OHIO 45202, ATTENTION: SECRETARY. SUCH DEMAND MUST REASONABLY INFORM BROADWAY OF THE IDENTITY OF THE STOCKHOLDER AND THAT THE STOCKHOLDER INTENDS THEREBY TO DEMAND APPRAISAL OF HIS BROADWAY PREFERRED STOCK.

Any written demand for appraisal must be made by or for a holder of record of Broadway Preferred Stock. Accordingly, any such demand should be executed by or for such holder of record, fully and correctly, as such holder's name appears on the Certificate(s). If shares (or fractions thereof) of Broadway Preferred Stock are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, execution of the appraisal demand should be made in such capacity. If shares (or fractions thereof) of Broadway Preferred Stock are owned of record by more than one person, as in a joint tenancy or tenancy in common, the appraisal demand should be executed by or for all joint owners. An authorized agent, including one of two or more joint owners, may execute the demand for appraisal for a holder of record. However, the agent must identify the record owner or owners and must expressly disclose the fact that in executing the demand the agent is acting as agent for the record owners.

A record owner, such as a broker, who holds shares (or fractions thereof) of Broadway Preferred Stock as nominee of others may exercise the right of appraisal with respect to all or a portion of the Broadway Preferred Stock held as nominee. In such case, the written demand for appraisal should state the number of one one-thousandths of a share of Broadway Preferred Stock covered by such demand. Where no number of one one-thousandths of a share of Broadway Preferred Stock is expressly stated, the demand will be presumed to cover all of the Broadway Preferred Stock standing in the name of such record owner.

Within 120 days after the Effective Time, Broadway or any holder of Broadway Preferred Stock who has complied with the provisions of Section 262 of the DGCL may file a petition in the Delaware Court of Chancery demanding a determination of the value of the Broadway Preferred Stock of all stockholders who have complied with such provisions. However, because Broadway has no obligation to file such a petition and does not currently intend to do so, any stockholder that desires that such a petition be filed is advised to do so on a timely basis. If neither Broadway nor any dissenting stockholder files a petition for appraisal within 120 days after the Effective Time, all appraisal rights will cease, and dissenting stockholders will be entitled only to receive cash in the amount of \$ ___ per one-one thousandth of a share of Broadway Preferred Stock, without interest thereon, in exchange for their Broadway Preferred Stock. Any holder of Broadway Preferred Stock may withdraw his demand for appraisal at any time within 60 days after the Effective Time (or thereafter with the written consent of Broadway) and receive, pursuant to the terms of the Merger, the Merger Price in cash, without interest, for each one

one-thousandth of a share of Broadway Preferred Stock owned by such holder. Notwithstanding the foregoing, no appraisal proceeding in the Delaware Court of Chancery will be dismissed as to any stockholder without the approval of the Court, and such approval may be conditioned upon such terms as the Court deems just.

Within 120 days after the Effective Time, any holder of Broadway Preferred Stock who has complied with the foregoing provisions may also deliver to Broadway a written request for a statement listing the aggregate number of shares (or fractions thereof) of Broadway Preferred Stock with respect to which demands for appraisal have been received and the aggregate number of holders thereof. Such a statement will be mailed to the stockholder within 10 days after the written request for it is received by Broadway.

Upon the filing of any petition by a holder of Broadway Preferred Stock demanding appraisal, service of a copy thereof will be made upon Broadway which will, within 20 days after such service, file in the office of the Register in Chancery in which the petition was filed a duly verified list containing the names and addresses of all stockholders who have demanded payment for their Broadway Preferred Stock and with whom agreements as to the value of their Broadway Preferred Stock have not been reached by Broadway. If a petition is filed by Broadway, the petition will be accompanied by such a duly verified list. The Register in Chancery, if so ordered by the Court, will give notice of the time and place fixed for the hearing of such petition by registered or certified mail to Broadway and to the stockholders shown on the list at the addresses therein stated, and such notice will also be given by publishing a notice at least one week from the day of the hearing in a newspaper of general

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circulation published in the City of Wilmington, Delaware, or such publication as the Court deems advisable. The forms of the notices by mail and by publication will be approved by the Court, and the costs thereof will be borne by Broadway.

After determining the stockholders entitled to an appraisal under Section 262 of the DGCL, the Court will appraise the Broadway Preferred Stock owned by such stockholders, determining the "fair value" thereof exclusive of any element of value arising from the accomplishment or expectation of the Merger, together with a fair rate of interest, if any. The Court will direct the payment of the appraised value of the Broadway Preferred Stock, together with interest, if any, by Broadway to the stockholders entitled thereto upon surrender to Broadway of the Certificates. The costs of the appraisal proceeding may be determined by the Court and taxed upon the parties as the Court deems equitable in the circumstances. Upon application of a stockholder, the Court may order all or a portion of the expenses incurred by any stockholder in connection with the appraisal proceeding, including without limitation reasonable attorneys' fees and the fees and expenses of experts, to be charged pro rata against the value of all of the shares (or fractions thereof) of Broadway Preferred Stock entitled to an appraisal.

After the Effective Time, no stockholder who has demanded his appraisal rights as set forth above will be entitled to vote such stockholder's Broadway Preferred Stock for any purpose or to receive payment of dividends or other distributions on such stockholder's Broadway Preferred Stock.

SOURCE AND AMOUNT OF FUNDS

All amounts required to pay the aggregate Merger Price payable to the holders of Broadway Preferred Stock pursuant to the Merger will be provided by Federated, which will fund such amounts from existing cash balances. The maximum amount of funds to be required is estimated at \$_____.

FEES AND EXPENSES

Broadway has retained The Bank of New York to act as the Paying Agent in connection with the Merger. The Paying Agent will receive reasonable and customary compensation for its services, will be reimbursed for certain reasonable out-of-pocket expenses, and will be indemnified against certain

liabilities and expenses in connection therewith.

Expenses estimated to be incurred in connection with the Merger are as follows:

<TABLE>	
<S>	<C>
Legal fees	\$50,000
Printing, mailing and distribution expenses	25,000
Exchange agent fees	4,000
SEC filing fees	45
Miscellaneous fees and expenses	955

Total	\$80,000
	=====

</TABLE>
 All costs and expenses incurred in connection with the Merger Agreement and the transactions contemplated thereby will be paid by Federated. Brokers, dealers, commercial banks, and trust companies will be reimbursed by Federated for customary mailing expenses incurred by them in forwarding materials to their customers.

CERTAIN INFORMATION CONCERNING BROADWAY

GENERAL

Broadway is an operator of department stores in California and the Southwestern United States, with 57 department stores in four states as of February 3, 1996. As a result of the 1995 Merger, Broadway became a subsidiary of Federated on October 11, 1995.

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Broadway is a Delaware corporation, and its principal executive office is located at 7 West Seventh Street, Cincinnati, Ohio 45202.

DIRECTORS AND EXECUTIVE OFFICERS

Set forth below is certain information concerning each person currently serving on the Board of Directors of Broadway. Such persons also constitute all of the executive officers of Broadway. Each such person is a citizen of the United States. The business address of each such person is c/o Broadway Stores, Inc., 7 West Seventh Street, Cincinnati, Ohio 45202.

James M. Zimmerman, age 52, has been a Director and President of Broadway since October 1995 and President and Chief Operating Officer of Federated since May 1988.

Dennis J. Broderick, age 47, has been a Director and Vice President and Treasurer of Broadway since October 1995, Secretary of Federated since July 1993 and Senior Vice President and General Counsel of Federated since January 1990; prior thereto, he served as Vice President and General Counsel of Allied Stores, Inc. and General Counsel of Federated since May 1988 and Vice President of Federated since February 1988.

John R. Sims, age 46, has been a Director and Vice President and Secretary of Broadway since October 1995 and Vice President - Deputy General Counsel of Federated since January 1990.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

As of the Record Date, the only stockholders known to Broadway to be the beneficial owner of more than 5% of any class of Broadway's capital stock were as follows:

<TABLE>			
<CAPTION>			
Title or Class	Name and Address	Number of Shares Beneficially Owned	Percent of Class
-----	-----	-----	-----
<S>	<C>	<C>	<C>

Common	Federated Department Stores, Inc. 7 West Seventh Street Cincinnati, Ohio 45202	37,044	100.0%
Preferred	Bankers Trust Company One Bankers Trust Plaza New York, New York 10006	411.6(1)	55.8%

</TABLE>

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- (1) Bankers Trust Company holds 411.6 shares (or 411,600 one one-thousandths of a share) of Broadway Preferred Stock in its capacity as the trustee of Broadway's 401(k) Savings and Investment Plan. Bankers Trust Company disclaims beneficial ownership of such shares.

SELECTED FINANCIAL INFORMATION

Set forth below is certain selected summary consolidated financial information for Broadway which was derived from its Annual Report on Form 10-K for the fiscal year ended January 28, 1995 (the "Broadway Form 10-K") and its Quarterly Report on Form 10-Q for the fiscal quarter ended October 28, 1995 (the "Broadway Form 10-Q"), a copy of each of which is enclosed with this Information Statement. The information set forth below should be read in conjunction with, and is qualified in its entirety by reference to, the information (including Broadway's financial statements and the notes thereto) contained in the Broadway Form 10-K and Broadway Form 10-Q. The information set forth below does not include share or per share information or ratios of earnings to fixed charges. Such information would not be meaningful to holders of Broadway Preferred Stock because (i) dividends have not been declared or paid thereon in the past and there is no expectation that any such dividends will be declared or paid in the future and (ii) the right of such holders to receive distributions from Broadway's net assets in the event of a liquidation, dissolution, or winding up of Broadway would be limited

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to \$0.25 per one one-thousandth of a share (i.e., \$184,527.25 in the aggregate). See "Special Factors -- Terms of Broadway Preferred Stock."

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SELECTED ANNUAL FINANCIAL INFORMATION FOR BROADWAY

<TABLE>
<CAPTION>

	Period Ended					
	January 28, 1995 (52 weeks)	January 29, 1994 (52 weeks)	January 30, 1993 (52 weeks)	February 1, 1992 (52 weeks)	February 2, 1991 (1) (26 weeks)	August 4, 1990 (53 weeks)
	(Dollar amounts in thousands)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
EARNINGS DATA:						
Sales	\$2,086,804	\$2,092,681	\$2,137,847	\$2,127,917	\$1,318,565	\$2,857,819
Percent increase (decrease) from prior year	(0.3%)	(2.1%)	0.5%	(9.4%)(2)	(4.5%)(2)	2.5%
Finance charge revenue	91,330	81,438	82,642	93,992	49,262	125,036
Cost of goods sold, including occupancy and buying costs	1,560,035	1,589,077	1,587,979	1,591,770	991,140	2,098,382
Selling, general and administrative expenses	554,405	551,098	561,610	559,886	335,381	729,578
Charge for non-recurring costs	--	45,000	--	--	--	--

Provision for consolidation programs . . .	--	--	--	--	47,000	--
Gain on sale of Thalhimers	--	--	--	--	(30,000)	--
Other expense (3)	--	--	--	--	4,831	
Interest expense, net	100,904	84,864	89,808	102,288	71,046	161,534
<hr/>						
Loss from continuing operations before reorganization costs and income taxes .	(37,210)	(95,920)	(18,908)	(32,035)	(46,740)	(11,470)
Reorganization income (costs)	--	--	884,131	(138,057)	(40,000)	--
<hr/>						
Pretax earnings (loss) from continuing operations	(37,210)	(95,920)	865,223	(170,092)	(86,740)	(11,470)
Income tax benefit (expense)	(150)	--	(9,800)	--	13,200	2,000
<hr/>						
Earnings (loss) from continuing operations	(37,360)	(95,920)	855,423	(170,092)	(73,540)	(9,470)
Extraordinary income (costs) and changes in accounting (4)	--	--	323,220	(46,894)	(14,070)	(16,500)
<hr/>						
Net earnings (loss)	\$(37,360)	\$(95,920)	\$1,178,643	\$(216,986)	\$(87,610)	\$(25,970)
<hr/>						

OTHER DATA:

Capital expenditures	\$109,726	\$59,957	\$38,242	\$34,850	\$37,989	\$83,220
Depreciation and amortization	42,951	33,987	38,540	43,636	21,836	50,995

PERIOD END DATA:

Working capital	863,137	739,810	701,478	628,270	978,082	843,414
Total assets	2,127,076	1,934,147	1,912,902	1,667,662	1,755,421	2,045,194
Total assets less excess of cost over net assets acquired	2,127,076	1,934,147	1,912,902	1,667,662	1,755,421	2,045,194
Liabilities subject to settlement under reorganization proceedings	--	--	--	598,321	598,650	--
Receivables based financing	573,138	332,182	467,577	489,254	633,798	678,646
Other secured long-term debt and capital lease obligations	564,041	561,954	563,216	508,429	515,290	939,797
Convertible subordinated notes (5)	143,750	143,750	--	--	--	--
Common stock and other shareholders' equity (deficit)	385,652	413,717	374,761	(508,476)	(272,627)	(193,820)

</TABLE>

(1) Effective as of February 2, 1991, Broadway changed its fiscal year end from the Saturday closest to July 31 of each year to the Saturday closest to January 31 of each year.

(2) Sales decrease on a comparative period basis, excluding from the prior year period sales of Broadway's former Thalhimers subsidiary, which was sold during the Fall of 1990.

(3) Includes gains on asset sales of \$7.3 million and costs of the buying office closure of \$12.1 million.

(4) Fiscal 1992 includes a \$304.4 million gain on debt discharge and \$18.8 million of income from a change in accounting for income taxes. The 1991 52-week period includes a \$30.0 million charge for a change in accounting for post-retirement medical benefits and \$16.9 million of costs relating to early retirements of debt. The 26-week transition period ended February 2, 1991 includes \$14.1 million of costs relating to the early retirement of debt. Fiscal 1990 includes a \$16.5 million extraordinary charge for the uninsured loss associated with the October 1989 San Francisco earthquake.

(5) On December 11, 1995, Broadway purchased \$142.0 aggregate principal amount of its convertible senior notes pursuant to a tender offer therefor. The source of funds for such purchase was a capital contribution made by Federated to Broadway.

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 SELECTED INTERIM FINANCIAL INFORMATION
 FOR BROADWAY

<TABLE>
 <CAPTION>

	Successor(1)	Predecessor(1)	Predecessor(1)	
	-----	-----	-----	
	13 Weeks Ended	26 Weeks Ended	39 Weeks Ended	
	October 28, 1995	July 29, 1995	October 29, 1994	
	-----	-----	-----	
	(Dollar amounts in thousands)			
<S>	<C>	<C>	<C>	
Net Sales, including leased department sales		\$414,841	\$884,550	\$1,363,017
Cost of sales	288,962	585,005	881,419	
Selling, general and administrative expenses		168,364	317,792	459,367
Operating Income (Loss)		(42,485)	(18,247)	22,231
Interest expense -- net		(26,859)	(62,499)	(71,536)
Loss Before Income Taxes		(69,344)	(80,746)	(49,305)
Federal, state and local income tax benefit		--	--	--
Net Loss	\$(69,344)	\$(80,746)	\$(49,305)	
Working capital	\$(7,258)	\$863,137	\$798,822	
Total assets	2,083,011	2,127,076	2,074,944	
Total assets less excess of cost over net assets acquired		2,083,011	2,127,076	2,074,944
Long term obligations	557,174	1,280,929	1,201,069	
Shareholder's equity	394,558	385,652	365,517	

</TABLE>

(1) In the 13 weeks ended October 28, 1995, Broadway became a subsidiary of Federated. The acquisition of Broadway by Federated was accounted for under the purchase method and, accordingly, certain adjustments have been made to Broadway's assets and liabilities based on their estimated fair values. As a result of the acquisition and other related events, Broadway's financial condition and results of operations subsequent to July 29, 1995 are not comparable to prior periods. In the table above, "Predecessor" refers to Broadway on dates and for accounting periods through July 29, 1995, and "Successor" refers to Broadway on dates and for accounting periods subsequent to July 29, 1995.

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 CERTAIN INFORMATION CONCERNING
 FEDERATED AND MERGER SUB

GENERAL

Federated is one of the leading operators of full-line department stores in the United States, with 412 department stores in 33 states as of February 3, 1996. Federated also operates more than 150 specialty stores and a catalog business. Federated's department stores sell a wide range of merchandise, including men's, women's, and children's apparel and accessories, cosmetics, home furnishings, and other consumer goods, and are diversified by size of store, merchandising character, and character of community served. Federated's department stores are located at urban or suburban sites, principally in densely populated areas across the United States.

Federated is a Delaware corporation, and its principal executive offices are located at 151 West 34th Street, New York, New York, and 7 West Seventh Street, Cincinnati, Ohio 45202.

DIRECTORS AND EXECUTIVE OFFICERS

Directors. Set forth below is certain information concerning each

person currently serving on the Board of Directors of Federated. Each such person is a citizen of the United States, and the business address of each such person is Federated Department Stores, Inc., 7 West Seventh Street, Cincinnati, Ohio 45202.

Robert A. Charpie, age 70, has been Chairman of Ampersand Ventures, a specialty venture capital firm, since 1988. Prior thereto, he was Chairman of the Board of Cabot Corporation, Boston, Massachusetts, a diversified holding company, from February 1986 until his retirement in September 1988. Mr. Charpie is also a member of the boards of directors of Ashland Coal, Inc. and Champion International Corporation.

Lyle Everingham, age 69, was Chief Executive Officer of The Kroger Co., Cincinnati, Ohio, an operator of grocery and convenience stores, from 1978 and Chairman of the Board thereof from 1979 until his retirement in 1991. He is also a member of the boards of directors of Cincinnati Milacron, Inc., Providian Corporation and The Kroger Co.

Meyer Feldberg, age 54, has been Dean of Columbia Business School at Columbia University since 1989. He is also a member of the boards of directors of AMSCO International, Inco Homes, PaineWebber Group Funds and New World Communications Group, Inc.

Earl G. Graves, Sr., age 61, has been President and Chief Executive officer of Earl G. Graves, Ltd., a multifaceted communications company, since 1970, and is the Publisher of "Black Enterprise" magazine, which he founded. Additionally, since 1990, Mr. Graves has served as Chairman and Chief Executive Officer of Pepsi-Cola of Washington, D.C., L.P., a Pepsi-Cola bottling franchise. Mr. Graves is also a member of the boards of directors of Aetna Life & Casualty Company, Chrysler Corporation, Rohm & Haas Corporation and AMR Corporation.

George V. Grune, age 66, has been Chairman of the DeWitt Wallace Reader's Digest Fund and the Lila Wallace Reader's Digest Fund since August 1, 1995. From 1984 until that date, he was Chairman of the Board and Chief Executive Officer of The Reader's Digest Association, Inc. Mr. Grune is also a member of the boards of directors of Avon Products, Inc., CPC International, Inc. and Chemical Banking Corporation.

Gertrude G. Michelson, age 70, served as Senior Advisor to R.H. Macy & Co., Inc. ("Macy's"), a predecessor of Federated, from September 1992 until December 23, 1994. Prior thereto, she was Senior Vice President -- External Affairs of Macy's from October 1980 until her retirement in September 1992 and director of Macy's from July 1986. Mrs. Michelson is also a member of the boards of directors of The Chubb Corporation, General Electric Company, The Goodyear Tire & Rubber Company, The Stanley Works and the American Stock Exchange.

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Joseph Neubauer, age 54, has been Chairman and Chief Executive Officer of The ARAMARK Corporation (formerly known as The ARA Group), Philadelphia, Pennsylvania, a holding company engaged in the food service industry, since 1984. He is also a member of the boards of directors of ARAMARAK Corporation, Bell of Pennsylvania, a subsidiary of Bell Atlantic, First Fidelity Bankcorporation and Penn Mutual Life Insurance Company.

Allen I. Questrom, age 56, has been Chairman of the Board and Chief Executive Officer of Federated since February 1990. Prior thereto he was President and Chief Executive Officer of the Neiman-Marcus division of the Neiman-Marcus Group, Inc., Chestnut Hill, Massachusetts, a specialty retailer, from September 1988 to February 1990. Mr. Questrom is also a member of the board of directors of The Interpublic Group of Companies, Inc.

Laurence A. Tisch, age 73, has been Co-Chairman of the Board of Directors (since 1994) and Co-Chief Executive Officer (since 1988) of Loews Corporation, New York, New York, a diversified financial corporation. He served as Chairman (from 1960 to 1994) and Chief Executive Officer of Loews Corporation from 1960 to 1988. Mr. Tisch was, until November 24, 1995, also a director (since 1985), Chairman (since 1990), and President and Chief Executive

Officer (since January 1987) of CBS, Inc., New York, New York, a radio and television broadcaster. Mr. Tisch is also Chief Executive Officer and a director of CNA Financial Corporation (and of its insurance subsidiaries), Chicago, Illinois, a property and life insurer, and a director of the Bulova Corporation, a subsidiary of Loews Corporation. Mr. Tisch is a member of the board of directors of Automatic Data Processing, Inc. and a trustee of Petrie Stores Liquidating Trust.

Ronald W. Tysoe, age 43, has been Vice Chairman and Chief Financial Officer of Federated since April 1990. Prior thereto he was President and Treasurer of Federated Stores, Inc., the former indirect parent of Federated ("FSI"), from 1987 to 1992, Chief Financial Officer of FSI from April 1990 to February 1992.

Paul W. Van Orden, age 68, has been Executive in Residence (since July 1990) and Executive Director, The Jerome A. Chazan Institute of International Business, Columbia University, Graduate School of Business (since January 1992). Prior thereto, he was Executive Vice President, Corporate Executive Office of General Electric Company, Fairfield, Connecticut, a diversified holding company, from 1986 to 1991. Mr. Van Orden is also a member of the boards of directors of GNA Life Insurance Company of New York and Sunbeam-Oster Company, Inc., a member of the Advisory Board of the Columbia University School of International and Public Affairs and a member of the Board of Overseers of the Columbia University Graduate School of Business.

Karl M. Von Der Heyden, age 59, has been affiliated with The Clipper Group, a merchant banking firm, since August 1994. Prior to joining The Clipper Group, he was President and Chief Executive Officer of Metallgesellschaft Corp., Frankfurt, Germany, a diversified holding company, from December 1993 until July 1994. He was previously Co-Chairman and Chief Executive Officer of RJR Nabisco, Inc. from March to June 1993 and was Executive Vice President and Chief Financial Officer of RJR Nabisco from 1989 to 1993. Mr. von der Heyden is also a member of the board of directors of BT Office Product International, The Country Baskets Index Fund, Inc., and Trizec Corporation, Ltd., a Canadian company.

Marna C. Whittington, age 48, is a partner with the investment firm of Miller, Anderson & Sherrerd, LLP, where she has been employed since 1992. Prior thereto, she was executive vice president of the University of Pennsylvania since 1988. Dr. Whittington is also a member of the board of directors of Rohm & Haas Company.

James M. Zimmerman, age 52, has been President and Chief Operating Officer of Federated since May 1988 and President of Broadway since October 1995. Mr. Zimmerman is also a member of the board of directors of Broadway.

Executive Officers. Set forth below is certain information concerning each person currently serving as an executive officer of Federated who is not also a director of Federated. Each such person is a citizen of the

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United States, and the business address of each such person is Federated Department Stores, Inc., 7 West Seventh Street, Cincinnati, Ohio 45202.

Thomas G. Cody has been Executive Vice President -- Legal and Human Resources of Federated since May 1988.

Dennis J. Broderick has been Secretary of Federated since July 1993, Senior Vice President and General Counsel of Federated since January 1990 and Vice President and Treasurer of Broadway since October 1995; prior thereto, he served as Vice President and General Counsel of Allied Stores, Inc., a predecessor of Federated, and General Counsel of Federated since May 1988 and Vice President of Federated since February 1988. Mr. Broderick is also a member of the board of directors of Broadway.

John E. Brown has been Senior Vice President of Federated since September 1988 and Controller of Federated since January 1992.

Karen M. Hoguet has been Senior Vice President -- Planning of

Federated since April 1991 and Treasurer of Federated since January 1992; prior thereto, she served as Vice President of Federated and Allied since December 1988.

SELECTED FINANCIAL INFORMATION

Set forth below is certain selected summary consolidated financial information for Federated which was derived from its Annual Report on Form 10-K for the fiscal year ended January 28, 1995 (the "Federated Form 10-K") and its Quarterly Report on Form 10-Q (the "Federated Form 10-Q") for the fiscal quarter ended October 28, 1995, each of which may be inspected and copied or obtained as described in "Additional Information." The information set forth below should be read in conjunction with, and is qualified in its entirety by reference to, the information (including Federated's financial statements and the notes thereto) contained in the Federated Form 10-K and Federated Form 10-Q.

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SELECTED ANNUAL FINANCIAL INFORMATION FOR FEDERATED

<TABLE>
<CAPTION>

	Fiscal Year Ended January 28, 1995	Fiscal Year Ended January 29, 1994	Fiscal Year Ended January 30, 1993	Fiscal Year Ended February 1, 1992	Fiscal Year Ended February 2, 1991	
	(Dollar amount in thousands)					
	<C>	<C>	<C>	<C>	<C>	
CONSOLIDATED STATEMENT OF OPERATIONS DATA (1):						
Net sales, including leased department sales	\$8,315,877	\$7,229,406	\$7,079,941	\$6,932,323	\$7,141,983	
Cost of sales	5,131,363	4,373,941	4,229,396	4,202,223	4,394,976	
Selling, general and administrative expenses	2,549,122	2,323,546	2,420,684	2,463,128	2,611,834	
Business integration and consolidation expenses	85,867	--	--	--	--	
Charitable contribution to Federated Department Stores Foundation	--	--	--	--	--	
Operating income	549,525	531,919	429,861	266,972	135,173	
Interest expense (2)	(262,115)	(213,544)	(258,211)	(504,257)	(639,527)	
Interest income	43,874	49,405	60,357	67,260	83,585	
Income (loss) before reorganization items, income taxes, extraordinary items and cumulative effect of change in accounting principle	331,284	367,780	232,007	(170,025)	(420,769)	
Reorganization items (3)	--	--	--	(1,679,936)	(127,032)	
Federal, state and local income tax (expense) benefit	(143,668)	(170,987)	(99,299)	613,989	276,355	
Extraordinary items (4)	--	(3,545)	(19,699)	2,165,515	--	
Cumulative effect of change in accounting principle (5)	--	--	--	(93,151)	--	
Net income (loss)	\$187,616	\$193,248	\$113,009	\$836,392	\$(271,446)	
Earnings per Share of Common Stock (6):						
Income before extraordinary items	\$1.41	\$1.56	\$1.19	\$--	\$--	
Extraordinary items	--	(.03)	(.18)	--	--	
Net income	1.41	1.53	1.01	--	--	
Fully diluted earnings per share	1.40	1.50	1.01	--	--	
Cash dividends per common share	--	--	--	--	--	
Average number of shares outstanding (6)	132,862	126,293	111,350	--	--	
Depreciation and amortization	\$285,861	\$229,781	\$230,124	\$260,884	\$278,227	

Capital expenditures	\$397,664	\$312,960	\$207,931	\$201,631	\$93,143
----------------------------	-----------	-----------	-----------	-----------	----------

BALANCE SHEET DATA (AT YEAR END) (1):

Cash	\$206,490	\$222,428	\$566,984	\$1,002,482	\$453,560
Working capital	2,478,376	1,967,569	2,227,336	1,923,812	1,957,037
Total assets	12,379,712	7,419,427	7,019,770	7,501,145	9,150,056
Total assets less excess of cost over net assets acquired	11,831,165	7,081,707	6,663,288	7,125,901	7,293,142
Short-term debt	463,042	10,099	12,944	771,605	309,268
Liabilities subject to settlement under reorganization proceedings	--	--	--	--	6,475,129
Long-term debt (including preferred shares)	4,529,220	2,786,724	2,809,757	3,176,687	1,361,778
Shareholders' equity (deficit)	3,639,610	2,278,244	2,074,980	1,454,132	(1,398,528)

OTHER DATA:

Book value per share (at year end) (6)	19.93	18.03	16.46	--	--
Ratio of earnings to fixed charges (7)	1.99x	2.33x	1.72x	--	--
Deficiency of earnings to fixed charges (7)	--	--	1,850,143(8)	548,799(8)	

</TABLE>

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(1) As a result of Federated's emergence from bankruptcy and its adoption of fresh-start reporting as of February 1, 1992, Federated's Consolidated Balance Sheets at and after February 1, 1992 and its Consolidated Statements of Operations for periods after February 1, 1992 are not comparable to the Consolidated Financial Statements for prior periods and therefore are separated by a black line.

(2) Excludes interest on unsecured prepetition indebtedness of \$301,576,000 and \$290,979,000, respectively, for fiscal 1991 and fiscal 1990.

(3) Reflects the net expense incurred in connection with Federated's chapter 11 reorganization.

(4) The extraordinary items for 1993 and 1992 were costs associated with the prepayment of certain Federated debt. The extraordinary item for 1991 was a gain resulting from the discharge of prepetition claims pursuant to Federated's plan of reorganization.

(5) Reflects the cumulative effect of the adoption of SFAS No. 106, "Employers' Accounting for Postretirement Benefits other than Pensions," as of February 1, 1992.

(6) Per share and share data are not represented for periods during which there were no publicly held shares of common stock of Federated.

(7) For purposes of computing the ratio (or deficiency) of earnings to fixed charges, earnings consist of income before income taxes and extraordinary items plus fixed charges (excluding capitalized interest). Fixed charges represent interest incurred, amortization of debt expense, and that portion of rental expense on operating leases deemed to be the equivalent of interest.

(8) Excludes interest on unsecured prepetition indebtedness of \$301,576,000 and dividends on preferred stock of \$47,405,000 for fiscal 1991 and interest on unsecured prepetition indebtedness of \$290,979,000 and dividends on preferred stock of \$47,405,000 for fiscal 1990.

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SELECTED INTERIM FINANCIAL INFORMATION
FOR FEDERATED

<TABLE>
<CAPTION>

	39 Weeks Ended	
	October 28, 1995	October 29, 1994
	(Dollar amount in thousands)	
<S>	<C>	<C>
CONSOLIDATED STATEMENT OF OPERATIONS DATA:		
Net sales, including leased department sales	\$9,783,624	\$5,176,542
Cost of sales	6,015,413	3,169,401
Selling, general and administrative expenses	3,413,526	1,688,442
Business integration and consolidation expenses	211,479	27,005
Charitable contribution to Federated Department Stores Foundation	25,581	--
Operating income	117,625	291,694
Interest expense	(365,775)	(177,578)
Interest income	34,718	32,555
Income (loss) before income taxes	(213,432)	146,671
Federal, state and local income tax benefit (expense)	43,112	(66,334)
Net income (loss)	\$(170,320)	\$80,337

Earnings per Share of Common Stock:

Net income (loss)	\$(.91)	\$.63
Fully diluted earnings per share	(.90)	.63
Cash dividends per common share	--	--
Average number of shares outstanding	187,508	126,545

BALANCE SHEET DATA (AT QUARTER END):

Cash	\$158,027	\$125,924
Working capital	3,259,869	1,928,036
Total assets	15,354,202	8,169,305
Total assets less excess of cost over net assets acquired	14,642,954	7,845,657
Short-term debt	941,375	441,621
Long-term debt	5,943,473	2,723,777
Shareholders' equity	4,023,840	2,364,521

OTHER DATA:

Book value per share (at quarter end)	19.87	18.68
Ratio of earnings to fixed charges (1)	--	1.63x
Deficiency of earnings to fixed charges (1)	214,323	--

</TABLE>

(1) For purposes of computing the ratio (or deficiency) of earnings to fixed charges, earnings consist of income before income taxes and extraordinary items plus fixed charges (excluding capitalized interest). Fixed charges represent interest incurred, amortization of debt expense, and that portion of rental expense on operating leases deemed to be the equivalent of interest.

MERGER SUB

Merger Sub was incorporated in Delaware in March 1996 solely for the purpose of effecting the Merger. Merger Sub is a wholly owned subsidiary of Federated and, as of the date of this Information Statement, had no material assets, liabilities or operations. Merger Sub's principal executive offices are located at 7 West Seventh Street, Cincinnati, Ohio 45202. The persons who serve as the directors and executive officers of Merger Sub are the same

persons who serve as directors and executive officers of Broadway. See "Certain Information Concerning Broadway -- Directors and Executive Officers."

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ADDITIONAL INFORMATION

Each of Broadway and Federated currently is subject to the information and reporting requirements of the Exchange Act and, in accordance therewith, files periodic reports, proxy statements, and other information with the Commission. Such reports, proxy statements, and other information may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549; 7 World Trade Center, Suite 1300, New York, New York 10048; and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such reports, proxy statements, and other information also can be obtained by mail from the Public Reference Section of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents which have been filed by Broadway with the Commission are hereby incorporated by reference in this Information Statement: (i) Annual Report on Form 10-K for the 52 week period ended January 28, 1995, (ii) Quarterly Report on Form 10-Q for the fiscal quarter ended April 29, 1995, (iii) Quarterly Report on Form 10-Q for the fiscal quarter ended July 29, 1995, (iv) Quarterly Report on Form 10-Q for the fiscal quarter ended October 28, 1995, and (v) Current Reports on Form 8-K, dated March 6, 1995, June 29, 1995, August 11, 1995 (as amended by an amendment on Form 8-K/A dated November 7, 1995), and August 14, 1995 (as amended by an amendment on Form 8-K/A dated August 14, 1995). The following documents which have been filed by Federated with the Commission are hereby incorporated by reference in this Information Statement: (i) Annual Report on Form 10-K for the fiscal year ended January 28, 1995, (ii) Quarterly Report on Form 10-Q for the fiscal quarter ended April 29, 1995, (iii) Quarterly Report on Form 10-Q for the fiscal quarter ended July 29, 1995, (iv) Quarterly Report on Form 10-Q for the fiscal quarter ended October 28, 1995, and (v) Current Reports on Form 8-K, dated September 21, 1995, September 22, 1995, September 26, 1995, September 27, 1995, October 4, 1995, and October 11, 1995. The financial statements of Macy's contained in Macy's Annual Report on Form 10-K for the fiscal year ended July 30, 1994 and in Macy's Quarterly Report on Form 10-Q for the quarter ended October 29, 1994 are hereby incorporated by reference in this Information Statement.

All documents and reports filed by either Federated or Broadway pursuant to Section 13(a), 13(c), 14, or 15(d) of the Exchange Act after the date of this Information Statement and prior to the Effective Time are deemed to be incorporated by reference in this Information Statement and to be a part hereof from the dates of filing of such documents or reports. Any statement contained in a document incorporated or deemed to be incorporated by reference herein is deemed to be modified or superseded for purposes of this Information Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Information Statement.

This Information Statement incorporates by reference documents which are not delivered herewith. These documents, other than exhibits to such documents, are available, without charge, to any person, including any beneficial owner of Broadway Preferred Stock to whom this Information Statement is delivered, on written or oral request to Federated Department Stores, Inc., 7 West Seventh Street, Cincinnati, Ohio 45202: Attention: Susan R. Robinson (telephone number (513) 579-7780).

MISCELLANEOUS

Broadway and Federated have filed with the Commission a Transaction

Statement on Schedule 13E-3 pursuant to Rule 13e-3 under the Exchange Act, furnishing certain additional information with respect to the

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Merger. Such statement may be examined and copies may be obtained at the places and in the manner set forth above (except that they will not be available in the regional offices of the Commission).

No person has been authorized to give any information or to make any representations not contained in this Information Statement, and if given or made, such information or representation should not be relied upon as having been authorized. The delivery of this Information Statement shall not, under any circumstances, create any implication that there has been no change in the information set forth herein, in the documents incorporated herein by reference or in the affairs of Federated or Broadway since the date of this Information Statement or the date of any such incorporated documents.

Questions and requests for assistance or additional copies of this Information Statement, the Letter of Transmittal or other documents accompanying this Information Statement should be directed to Susan R. Robinson, Vice President -- Investor Relations of Federated, in writing at 7 West Seventh Street, Cincinnati, Ohio 45202, or by telephone at (513) 579-7780.

BROADWAY STORES, INC.

March __, 1996

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Annex I

SECTION 262 OF THE DELAWARE GENERAL CORPORATION LAW

Section 262. APPRAISAL RIGHTS.

(a) Any stockholder of a corporation of this State who holds shares of stock on the date of the making of a demand pursuant to subsection (d) of this section with respect to such shares, who continuously holds such shares through the effective date of the merger or consolidation, who has otherwise complied with subsection (d) of this section and who has neither voted in favor of the merger or consolidation nor consented thereto in writing pursuant to Section 228 of this title shall be entitled to an appraisal by the Court of Chancery of the fair value of his shares of stock under the circumstances described in subsections (b) and (c) of this section. As used in this section, the word "stockholder" means a holder of record of stock in a stock corporation and also a member of record of a nonstock corporation; the words "stock" and "share" mean and include what is ordinarily meant by those words and also membership or membership interest of a member of a nonstock corporation; and the words "depository receipt" mean a receipt or other instrument issued by a depository representing an interest in one or more shares, or fractions thereof, solely of stock of a corporation, which stock is deposited with the depository.

(b) Appraisal rights shall be available for the shares of any class or series of stock of a constituent corporation in a merger or consolidation to be effected pursuant to Sections 251, 252, 254, 257, 258, 263 or 264 of this title:

(1) Provided, however, that no appraisal rights under this section shall be available for the shares of any class or series of stock, which stock, or depository receipts in respect thereof, at the

record date fixed to determine the stockholders entitled to receive notice of and to vote at the meeting of stockholders to act upon the agreement of merger or consolidation, were either (i) listed on a national securities exchange or designated as a national market system security on an interdealer quotation system by the National Association of Securities Dealers, Inc. or (ii) held of record by more than 2,000 holders; and further provided that no appraisal rights shall be available for any shares of stock of the constituent corporation surviving a merger if the merger did not require for its approval the vote of the holders of the surviving corporation as provided in subsections (f) or (g) of Section 251 of this title.

(2) Notwithstanding paragraph (1) of this subsection, appraisal rights under this section shall be available for the shares of any class or series of stock of a constituent corporation if the holders thereof are required by the terms of an agreement of merger or consolidation pursuant to Sections 251, 252, 254, 257, 258, 263 and 264 of this title to accept for such stock anything except:

a. Shares of stock of the corporation surviving or resulting from such merger or consolidation, or depository receipts in respect thereof;

b. Shares of stock of any other corporation, or depository receipts in respect thereof, which shares of stock or depository receipts at the effective date of the merger or consolidation will be either listed on a national securities exchange or designated as a national market system security on an interdealer quotation system by the National Association of Securities Dealers, Inc. or held of record by more than 2,000 holders;

c. Cash in lieu of fractional shares or fractional depository receipts described in the foregoing subparagraphs a. and b. of this paragraph; or

d. Any combination of the shares of stock, depository receipts and cash in lieu of fractional shares or fractional depository receipts described in the foregoing subparagraphs a., b. and c. of this paragraph.

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(3) In the event all of the stock of a subsidiary Delaware corporation party to a merger effected under Section 253 of this title is not owned by the parent corporation immediately prior to the merger, appraisal rights shall be available for the shares of the subsidiary Delaware corporation.

(c) Any corporation may provide in its certificate of incorporation that appraisal rights under this section shall be available for the shares of any class or series of its stock as a result of an amendment to its certificate of incorporation, any merger or consolidation in which the corporation is a constituent corporation or the sale of all or substantially all of the assets of the corporation. If the certificate of incorporation contains such a provision, the procedures of this section, including those set forth in subsections (d) and (e) of this section, shall apply as nearly as is practicable.

(d) Appraisal rights shall be perfected as follows:

(1) If a proposed merger or consolidation for which appraisal rights are provided under this section is to be submitted for approval at a meeting of stockholders, the corporation, not less than 20 days prior to the meeting, shall notify each of its stockholders who was such on the record date for such meeting with respect to shares for which appraisal rights are available pursuant to subsections (b) or (c) hereof that appraisal rights are available for any or all of the shares of the constituent corporations, and shall include in such notice a copy of this section. Each stockholder

electing to demand the appraisal of his shares shall deliver to the corporation, before the taking of the vote on the merger or consolidation, a written demand for appraisal of his shares. Such demand will be sufficient if it reasonably informs the corporation of the identity of the stockholder and that the stockholder intends thereby to demand the appraisal of his shares. A proxy or vote against the merger or consolidation shall not constitute such a demand. A stockholder electing to take such action must do so by a separate written demand as herein provided. Within 10 days after the effective date of such merger or consolidation, the surviving or resulting corporation shall notify each stockholder of each constituent corporation who has complied with this subsection and has not voted in favor of or consented to the merger or consolidation of the date that the merger or consolidation has become effective; or

(2) If the merger or consolidation was approved pursuant to Section 228 or 253 of this title, the surviving or resulting corporation, either before the effective date of the merger or consolidation or within 10 days thereafter, shall notify each of the stockholders entitled to appraisal rights of the effective date of the merger or consolidation and that appraisal rights are available for any or all of the shares of the constituent corporation, and shall include in such notice a copy of this section. The notice shall be sent by certified or registered mail, return receipt requested, addressed to the stockholder at his address as it appears on the records of the corporation. Any stockholder entitled to appraisal rights may, within 20 days after the date of mailing of the notice, demand in writing from the surviving or resulting corporation the appraisal of his shares. Such demand will be sufficient if it reasonably informs the corporation of the identity of the stockholder and that the stockholder intends thereby to demand the appraisal of his shares.

(e) Within 120 days after the effective date of the merger or consolidation, the surviving or resulting corporation or any stockholder who has complied with subsections (a) and (d) hereof and who is otherwise entitled to appraisal rights, may file a petition in the Court of Chancery demanding a determination of the value of the stock of all such stockholders. Notwithstanding the foregoing, at any time within 60 days after the effective date of the merger or consolidation, any stockholder shall have the right to withdraw his demand for appraisal and to accept the terms offered upon the merger or consolidation. Within 120 days after the effective date of the merger or consolidation, any stockholder who has complied with the requirements of subsections (a) and (d) hereof, upon written request, shall be entitled to receive from the corporation surviving the merger or resulting from the consolidation a statement setting forth the aggregate number of shares not voted in favor of the merger or consolidation and with respect to which demands for appraisal have been received and the aggregate number of holders of such shares. Such written statement shall be mailed to the stockholder within 10 days after his

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written request for such a statement is received by the surviving or resulting corporation or within 10 days after expiration of the period for delivery of demands for appraisal under subsection (d) hereof, whichever is later.

(f) Upon the filing of any such petition by a stockholder, service of a copy thereof shall be made upon the surviving or resulting corporation, which shall within 20 days after such service file in the office of the Register in Chancery in which the petition was filed a duly verified list containing the names and addresses of all stockholders who have demanded payment for their shares and with whom agreements as to the value of their shares have not been reached by the surviving or resulting corporation. If the petition shall be filed by the surviving or resulting corporation, the petition shall be accompanied by such a duly verified list. The Register in Chancery, if so ordered by the Court, shall give notice of the time and place fixed for the hearing of such petition by registered or certified mail to the surviving or resulting corporation and to the stockholders shown on the list at the addresses therein stated. Such notice shall also be given by 1 or more

publications at least 1 week before the day of the hearing, in a newspaper of general circulation published in the City of Wilmington, Delaware or such publication as the Court deems advisable. The forms of the notices by mail and by publication shall be approved by the Court, and the costs thereof shall be borne by the surviving or resulting corporation.

(g) At the hearing on such petition, the Court shall determine the stockholders who have complied with this section and who have become entitled to appraisal rights. The Court may require the stockholders who have demanded an appraisal for their shares and who hold stock represented by certificates to submit their certificates of stock to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings; and if any stockholder fails to comply with such direction, the Court may dismiss the proceedings as to such stockholder.

(h) After determining the stockholders entitled to an appraisal, the Court shall appraise the shares, determining their fair value exclusive of any element of value arising from the accomplishment or expectation of the merger or consolidation, together with a fair rate of interest, if any, to be paid upon the amount determined to be the fair value. In determining such fair value, the Court shall take into account all relevant factors. In determining the fair rate of interest, the Court may consider all relevant factors, including the rate of interest which the surviving or resulting corporation would have had to pay to borrow money during the pendency of the proceeding. Upon application by the surviving or resulting corporation or by any stockholder entitled to participate in the appraisal proceeding, the Court may, in its discretion, permit discovery or other pretrial proceedings and may proceed to trial upon the appraisal prior to the final determination of the stockholder entitled to an appraisal. Any stockholder whose name appears on the list filed by the surviving or resulting corporation pursuant to subsection (f) of this section and who has submitted his certificates of stock to the Register in Chancery, if such is required, may participate fully in all proceedings until it is finally determined that he is not entitled to appraisal rights under this section.

(i) The Court shall direct the payment of the fair value of the shares, together with interest, if any, by the surviving or resulting corporation to the stockholders entitled thereto. Interest may be simple or compound, as the Court may direct. Payment shall be so made to each such stockholder, in the case of holders of uncertificated stock forthwith, and the case of holders of shares represented by certificates upon the surrender to the corporation of the certificates representing such stock. The Court's decree may be enforced as other decrees in the Court of Chancery may be enforced, whether such surviving or resulting corporation be a corporation of this State or of any state.

(j) The costs of the proceeding may be determined by the Court and taxed upon the parties as the Court deems equitable in the circumstances. Upon application of a stockholder, the Court may order all or a portion of the expenses incurred by any stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorney's fees and the fees and expenses of experts, to be charged pro rata against the value of all the shares entitled to an appraisal.

(k) From and after the effective date of the merger or consolidation, no stockholder who has demanded his appraisal rights as provided in subsection (d) of this section shall be entitled to vote such stock for any purpose or to receive payment of dividends or other distributions on the stock (except dividends or other

distributions payable to stockholders of record at a date which is prior to the effective date of the merger or consolidation); provided, however, that if no petition for an appraisal shall be filed within the time provided in subsection (e) of this section, or if such stockholder shall deliver to the surviving or resulting corporation a written withdrawal of his demand for an appraisal and an acceptance of the merger or consolidation, either within 60 days after the effective date of the merger or consolidation as provided in subsection (e) of this section or thereafter with the written approval of the corporation, then

the right of such stockholder to an appraisal shall cease. Notwithstanding the foregoing, no appraisal proceeding in the Court of Chancery shall be dismissed as to any stockholder without the approval of the Court, and such approval may be conditioned upon such terms as the Court deems just.

(l) The shares of the surviving or resulting corporation to which the shares of such objecting stockholders would have been converted had they assented to the merger or consolidation shall have the status of authorized and unissued shares of the surviving or resulting corporation.

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Annex II

AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger, dated as of March , 1996 (this "Agreement"), is made and entered into by and among Broadway Stores, Inc., a Delaware corporation (the "Company"), Federated Department Stores, Inc., a Delaware corporation ("Parent"), and Broadway Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Parent ("Merger Sub").

RECITALS

A. The Board of Directors of the Company has determined it is in the best interests of its stockholders for Merger Sub to merge with and into the Company on the terms set forth herein and has adopted a resolution approving this Agreement in accordance with Section 251 of the Delaware General Corporation Law ("DGCL").

B. The Board of Directors of Merger Sub has determined it is in the best interests of its stockholders for Merger Sub to merge with and into the Company on the terms set forth herein and has adopted a resolution approving this Agreement in accordance with Section 251 of the DGCL.

C. Pursuant to Section 228 of the DGCL, this Agreement has been duly adopted by the holders of a majority of the outstanding capital stock of the Company entitled to vote thereon, thereby satisfying the stockholder adoption requirements of Section 251 of the DGCL.

D. Pursuant to Section 228 of the DGCL, this Agreement has been duly adopted by the holders of a majority of the outstanding capital stock of Merger Sub entitled to vote thereon, thereby satisfying the stockholder adoption requirements of Section 251 of the DGCL.

NOW, THEREFORE, in consideration of the mutual covenants herein set forth, the parties hereto hereby agree as follows:

I. The Merger

1.1 The Merger. At the Effective Time (as defined below), Merger Sub will be merged with and into the Company (the "Merger") in accordance with the applicable provisions of the General Corporation Law of the State of Delaware (the "DGCL"), and the separate corporate existence of Merger Sub will thereupon cease. The Company will be the surviving corporation in the Merger (as such, the "Surviving Corporation"). The Merger will have the effects specified in the DGCL.

1.2 Effective Time. As soon as practicable on or following the date of this Agreement, Merger Sub and the Company will cause either this Agreement or a certificate of merger to be filed with the Secretary of State of the State of Delaware in accordance with Section 251 of the DGCL. Upon the completion of such filing, the Merger will become effective in accordance with the DGCL. The time and date on which the Merger becomes effective is herein referred to as the "Effective Time."

1.3 Certificate of Incorporation and By-Laws of Surviving Corporation. (a) The certificate of incorporation of the Company will be the

certificate of incorporation of the Surviving Corporation from and after the Effective Time until amended in accordance with its terms and the DGCL.

(b) The by-laws of the Company will be the by-laws of the Surviving Corporation from and after the Effective Time until amended in accordance with their terms and the DGCL.

1.4 Directors and Officers of Surviving Corporation. (a) The members of the Board of Directors of the Company immediately prior to the Effective Time will be the members of the Board of Directors of the Surviving Corporation. All of the members of the Board of Directors of the Surviving Corporation will serve

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until their successors are duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the certificate of incorporation and the by-laws of the Surviving Corporation.

(b) The officers of the Company immediately prior to the Effective Time will be the officers of the Surviving Corporation. Such persons will continue as officers of the Surviving Corporation until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the certificate of incorporation and the by-laws of the Surviving Corporation.

II. Conversion of Securities

2.1 Conversion of Securities. (a) At the Effective Time, each share of Common Stock, par value \$0.01 per share, of the Company (each, a "Company Common Share") issued and outstanding immediately prior to the Effective Time will, by virtue of the Merger and without any action on the part of the holder thereof, cease to be outstanding, be cancelled and retired without payment of any consideration therefor.

(b) At the Effective Time, each one one-thousandth of a share of Series A Preferred Stock, par value \$0.01 per share, of the Company (each, a "Company Preferred Share") issued and outstanding immediately prior to the Effective Time (other than any one one-thousandth of a Company Preferred Share held by a holder who demands and perfects the right for appraisal of such one one-thousandth of a share in accordance with the applicable provisions of the DGCL) will, by virtue of the Merger and without any action on the part of the holder thereof, be converted into the right to receive from Parent \$_____ in cash, without interest thereon (the "Consideration"). Each one one-thousandth of a Company Preferred Share so converted will, by virtue of the Merger and without any action on the part of the holder thereof, cease to be outstanding, be cancelled and retired, and each holder of a certificate previously representing any such one one-thousandth of a Company Preferred Share will thereafter cease to have any right with respect thereto, except the right to receive for such one one-thousandth of a Company Preferred Share, upon the surrender of such certificate in accordance with Section 2.2, the Consideration.

(c) At the Effective Time, each share of Common Stock, par value \$0.01 per share, of Merger Sub issued and outstanding immediately prior to the Effective Time will, by virtue of the Merger and without any action on the part of Merger Sub or the holder thereof, be converted into one share of common stock, par value \$0.01 per share, of the Surviving Corporation, which shares of Common Stock will constitute all of the issued and outstanding shares of capital stock of the Surviving Corporation immediately after the Effective Time.

2.2 Payment for Company Preferred Shares. (a) At the Effective Time, Parent will make available to The Bank of New York (the "Paying Agent"), for the benefit of the holders of Company Preferred Shares, an amount sufficient to effect the delivery of the aggregate Consideration payable to the holders of the Company Preferred Shares pursuant to Section 2.1(b) (the cash so delivered to the Paying Agent being hereinafter referred to as the "Merger Consideration Fund"). Parent will instruct the Paying Agent to deliver the Consideration contemplated to be paid pursuant to Section 2.1(b) out of the

Merger Consideration Fund, and not to use the Merger Consideration Fund for any other purpose.

(b) Parent will instruct the Paying Agent to mail, promptly after the Effective Time, to each holder of record of a certificate or certificates which immediately prior to the Effective Time represented outstanding Company Preferred Shares or fractions thereof (the "Certificates") (i) a form of letter of transmittal (which will specify that delivery will be effected, and risk of loss and title to the Certificates will pass, only upon proper delivery of the Certificates to the Paying Agent), (ii) instructions for use in effecting the surrender of the Certificates for payment of the Consideration in respect of the Company Preferred Shares (or fractions thereof) previously so represented thereby, and (iii) a notice of the Merger describing applicable appraisal rights under Section 262 of the DGCL. Upon surrender of Certificates for cancellation to the Paying Agent, together with such letter of transmittal duly executed and any other required documents, the holder of such Certificates will be entitled to receive the Consideration for each one one-thousandth of a Company Preferred Share previously represented thereby, and the Certificates so surrendered will promptly be cancelled. Until so surrendered, Certificates will represent solely the right to receive the Consideration. Notwithstanding the foregoing, neither

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the Paying Agent nor any party hereto will be liable to a holder of Company Preferred Shares for any Consideration delivered to a public official pursuant to applicable escheat law.

(c) Any portion of the Merger Consideration Fund which remains unclaimed by the former holders of the Company Preferred Shares for one year after the Effective Time will be delivered to the Parent, and any former holders of the Company Preferred Shares will thereafter look only to Parent for payment of their claim for the Consideration in respect of such Company Preferred Shares.

(d) Parent shall pay any amounts that become payable to holders of Company Preferred Shares pursuant to Section 262 of the DGCL.

2.3 No Transfer after the Effective Time. No transfers of Company Preferred Shares will be made on the stock transfer books of the Company after the close of business on the day prior to the date of the Effective Time.

III. Miscellaneous

3.1 Termination. This Agreement may be terminated at any time prior to the Effective Time by either the Company or Merger Sub, upon written notice to the other parties hereto, notwithstanding any prior approval or adoption of this Agreement by the stockholders of either such party.

3.2 Entire Agreement. This Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings among the parties with respect thereto.

3.3 Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the principles of conflict of laws thereof.

3.4 Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

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IN WITNESS WHEREOF, each of the parties hereto has caused this

Agreement to be duly executed as of the date first written above.

BROADWAY STORES, INC.

By: _____
Name: _____
Title: _____

FEDERATED DEPARTMENT STORES, INC.

By: _____
Name: _____
Title: _____

BROADWAY MERGER SUB, INC.

By: _____
Name: _____
Title: _____