

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934 for the fiscal quarter ended
August 3, 1996.

FEDERATED DEPARTMENT STORES, INC.
151 West 34th Street
New York, New York 10001
(212) 695-4400
and
7 West Seventh St.
Cincinnati, Ohio 45202
(513) 579-7000

Delaware 1-13536 13-3324058
(State of (Commission File No.) (I.R.S. Employer
Incorporation) Identification Number)

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

207,811,452 shares of the Registrant's Common Stock, \$.01 par
value, were outstanding as of August 31, 1996.

<TABLE>

PART I -- FINANCIAL INFORMATION

FEDERATED DEPARTMENT STORES, INC.

Consolidated Statements of Operations
(Unaudited)

(thousands, except per share figures)

<CAPTION>

	13 Weeks Ended		26 Weeks Ended	
	August 3, 1996	July 29, 1995	August 3, 1996	July 29, 1995
<S>	<C>	<C>	<C>	<C>
Net Sales, including leased department sales	\$3,284,228	\$3,047,249	\$6,584,893	\$6,035,255
Cost of sales	1,995,573	1,862,915	4,010,221	3,686,836
Selling, general and administrative expenses	1,113,984	1,067,887	2,267,049	2,137,846

Business integration and consolidation expenses	98,917	89,023	176,605	172,345
Charitable contribution to Federated Department Stores Foundation	-	25,581	-	25,581
Operating Income	75,754	1,843	131,018	12,647
Interest expense	(126,996)	(114,057)	(250,341)	(223,558)
Interest income	11,382	10,841	22,446	22,790
Loss Before Income Taxes	(39,860)	(101,373)	(96,877)	(188,121)
Federal, state and local income tax benefit	12,667	34,447	31,738	64,196
Net Loss	\$ (27,193)	\$ (66,926)	\$ (65,139)	\$ (123,925)
Loss per Share	\$ (.13)	\$ (.37)	\$ (.31)	\$ (.68)
Average Number of Shares Outstanding	207,663	182,830	207,187	182,754

</TABLE>

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

<TABLE>

FEDERATED DEPARTMENT STORES, INC.

Consolidated Balance Sheets (Unaudited)

(thousands)

<CAPTION>

	August 3, 1996	February 3, 1996	July 29, 1995
<S>	<C>	<C>	<C>
ASSETS:			
Current Assets:			
Cash	\$ 134,133	\$ 172,518	\$ 238,173
Accounts receivable	2,768,417	2,842,077	2,157,512
Merchandise inventories	3,234,271	3,094,848	2,694,564
Supplies and prepaid expenses	176,729	176,411	107,509
Deferred income tax assets	115,541	74,511	198,123
Total Current Assets	6,429,091	6,360,365	5,395,881
Property and Equipment - net	6,270,870	6,305,167	5,261,698
Intangible Assets - net	731,047	744,689	1,027,033
Notes Receivable	204,035	415,066	407,276
Other Assets	397,326	469,763	365,436
Total Assets	\$ 14,032,369	\$ 14,295,050	\$ 12,457,324
LIABILITIES AND SHAREHOLDERS' EQUITY:			
Current Liabilities:			
Short-term debt	\$ 375,363	\$ 733,115	\$ 259,988
Accounts payable and accrued liabilities	2,386,569	2,358,543	2,139,335
Income taxes	3,211	6,411	35,729
Total Current Liabilities	2,765,143	3,098,069	2,435,052
Long-Term Debt	5,644,524	5,632,232	5,121,445
Deferred Income Taxes	730,725	732,936	873,285
Other Liabilities	561,847	558,127	503,223
Shareholders' Equity	4,330,130	4,273,686	3,524,319
Total Liabilities and Shareholders' Equity	\$ 14,032,369	\$ 14,295,050	\$ 12,457,324

</TABLE>

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

<TABLE>

FEDERATED DEPARTMENT STORES, INC.

Consolidated Statements of Cash Flows
(Unaudited)

(thousands)

<CAPTION>

	26 Weeks Ended August 3, 1996	26 Weeks Ended July 29, 1995
	<C>	<C>
<S>		
Cash flows from operating activities:		
Net loss	\$ (65,139)	\$ (123,925)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Depreciation and amortization of property and equipment	251,657	206,556
Amortization of intangible assets	13,642	21,656
Amortization of financing costs	14,159	9,955
Amortization of original issue discount	225	981
Amortization of unearned restricted stock	1,334	2,569
Changes in assets and liabilities:		
Decrease in accounts receivable	273,457	108,139
Increase in merchandise inventories	(139,423)	(313,943)
Increase in supplies and prepaid expenses	(318)	(7,950)
Decrease in other assets not separately identified	22,517	29,982
Increase (decrease) in accounts payable and accrued liabilities not separately identified	49,213	(9,700)
Decrease in current income taxes	(3,200)	(29,590)
Decrease in deferred income taxes	(43,241)	(69,064)
Increase (decrease) in other liabilities not separately identified	3,420	(1,612)
Net cash provided (used) by operating activities	378,303	(175,946)
Cash flows from investing activities:		
Purchase of property and equipment	(264,402)	(169,932)
Disposition of property and equipment	105,053	23,841
Net cash used by investing activities	(159,349)	(146,091)
Cash flows from financing activities:		
Debt issued	688,665	597,106
Financing costs	(11,016)	(3,859)
Debt repaid	(1,034,350)	(208,916)
Decrease in outstanding checks	(21,187)	(36,676)
Acquisition of treasury stock	(598)	(375)
Issuance of common stock	121,147	6,440
Net cash (used) provided by financing activities	(257,339)	353,720

</TABLE>

(Continued)

<TABLE>

FEDERATED DEPARTMENT STORES, INC.

Consolidated Statements of Cash Flows
(Unaudited)

(thousands)

<CAPTION>

	26 Weeks Ended August 3, 1996	26 Weeks Ended July 29, 1995
<S>	<C>	<C>
Net (decrease) increase in cash	\$ (38,385)	\$ 31,683
Cash at beginning of period	172,518	206,490
Cash at end of period	\$ 134,133	\$ 238,173
Supplemental cash flow information:		
Interest paid	\$ 219,793	\$ 168,239
Interest received	13,611	23,046
Income taxes paid (net of refunds received)	9,368	28,861

</TABLE>

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

FEDERATED DEPARTMENT STORES, INC.

Notes to Consolidated Financial Statements (Unaudited)

1. Summary of Significant Accounting Policies

A description of the Company's significant accounting policies is included in the Company's Annual Report on Form 10-K for the fiscal year ended February 3, 1996 (the "1995 10-K"). The accompanying Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto in the 1995 10-K.

Because of the seasonal nature of the general merchandising business, the results of operations for the 13 and 26 weeks ended August 3, 1996 and July 29, 1995 (which do not include the Christmas season) are not indicative of such results for the fiscal year.

The Consolidated Financial Statements for the 13 and 26 weeks ended August 3, 1996 and July 29, 1995, in the opinion of management, include all adjustments (consisting only of normal recurring adjustments) considered necessary to present fairly, in all material respects, the consolidated financial position and results of operations of the Company and its subsidiaries.

2. Acquisition of Companies

The Company acquired Broadway Stores, Inc. ("Broadway") pursuant to an Agreement and Plan of Merger dated August 14, 1995. The total purchase price of the Broadway acquisition was approximately \$1,620.0 million, consisting of (i) 12.6 million shares of common stock and options to purchase an additional 1.5 million shares of common stock valued at \$352.9 million and (ii) \$1,267.1 million of Broadway debt. In addition, a wholly owned subsidiary of the Company purchased \$422.3 million of mortgage indebtedness of Broadway for 6.8 million shares of common stock of the Company and a \$242.3 million promissory note.

The Broadway acquisition was accounted for under the purchase method and, accordingly, the results of operations of Broadway

have been included in the Company's results of operations since July 29, 1995 and the purchase price has been allocated to Broadway's assets and liabilities based on their estimated fair values as of that date.

The following unaudited pro forma condensed statements of operations gives effect to the Broadway acquisition and related financing transactions as if such transactions had occurred at the beginning of the period presented.

	13 Weeks Ended July 29, 1995	26 Weeks Ended July 29, 1995
	(millions, except per share figures)	
Net sales	\$3,507.9	\$6,919.8
Net loss	(90.3)	(174.2)
Loss per share	(.45)	(.86)

FEDERATED DEPARTMENT STORES, INC.

Notes to Consolidated Financial Statements (Unaudited)

The foregoing unaudited pro forma condensed statements of operations give effect to, among other pro forma adjustments, the following:

- (i) Interest expense on debt incurred in connection with the acquisition and the reversal of certain of Broadway's historical interest expense;
- (ii) Amortization, over 20 years, of the excess of cost over net assets acquired;
- (iii) Depreciation and amortization adjustments related to fair market value of assets acquired;
- (iv) Adjustments to income tax expense related to the above; and
- (v) Adjustments for shares issued.

The foregoing unaudited pro forma information is provided for illustrative purposes only and does not purport to be indicative of results that actually would have been achieved had the Broadway acquisition been consummated on the first day of the periods presented or of future results.

3. Business Integration and Consolidation Expenses

During the 26 weeks ended August 3, 1996, the Company recorded \$176.6 million of business integration and consolidation expenses associated with the integration of Broadway into the Company (\$148.7 million) and the ongoing consolidation of Macy's and other support operation restructurings (\$27.9 million). Included in the Broadway integration expenses were \$65.7 million of inventory valuation adjustments to merchandise in lines of business which the Company, subsequent to acquisition, eliminated or replaced. The remainder of the Broadway integration expenses relate primarily to the costs associated with converting the Broadway stores to other name plates (including advertising, credit card issuance and promotion, and other name change expenses) and the costs of operating Broadway central office functions for a transitional period.

During the 26 weeks ended July 29, 1995, the Company recorded \$172.3 million of business integration and consolidation expenses associated with the integration of Macy's into the Company (\$145.2 million) and the consolidation of the Company's Rich's/Goldsmith's and Lazarus divisions (\$27.1 million). The primary components of the Macy's integration expenses were \$67.8 million of inventory valuation adjustments to merchandise in lines of business which the Company,

subsequent to the acquisition, eliminated or replaced, \$21.6 million of costs to close and sell certain stores and to convert a number of stores to other nameplates, \$19.7 million of severance costs and \$36.1 million of other costs and expenses associated with integrating Macy's into the Company. Of the \$27.1 million of expenses associated with the divisional consolidation referred to above, \$20.4 million relates to inventory valuation adjustments to merchandise of the affected divisions in lines of business which were eliminated or replaced as a result of the consolidation.

FEDERATED DEPARTMENT STORES, INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Comparison of the 13 Weeks Ended August 3, 1996 and July 29, 1995

For purposes of the following discussion, all references to "second quarter of 1996" and "second quarter of 1995" are to the Company's 13-week fiscal periods ended August 3, 1996 and July 29, 1995, respectively.

Net sales for the second quarter of 1996 totaled \$3,284.2 million, compared to net sales of \$3,047.3 million for the second quarter of 1995, an increase of 7.8%. Net sales for the second quarter of 1996 include the stores added in the Broadway acquisition. On a comparable store basis, net sales for the second quarter of 1996 increased 0.8% over the second quarter of 1995. Net sales for the second quarter of 1996 were somewhat negatively impacted by the Company's efforts to gradually reduce the degree to which it utilizes promotional selling practices with respect to home-related merchandise.

Cost of sales was 60.8% as a percent of net sales for the second quarter of 1996 compared to 61.1% for the second quarter of 1995. The improvement reflects the lower level of promotional activity for home-related merchandise and increased sales of higher margin private label merchandise. Cost of sales was not impacted by the valuation of merchandise inventory on the last-in, first-out basis in the second quarter of 1996 or the second quarter of 1995.

Selling, general and administrative expenses were 33.9% as a percent of net sales for the second quarter of 1996 compared to 35.1% for the second quarter of 1995. The improvement primarily reflects the operating efficiencies resulting from the integration of Macy's into the Company in fiscal 1995 and other support operation restructurings.

Business integration and consolidation expenses for the second quarter of 1996 consist of \$82.7 million associated with the integration of Broadway and \$16.2 million related to the ongoing consolidation of Macy's and other support operation restructurings. During the remainder of fiscal 1996, the Company expects to incur approximately \$120.0 million of additional business integration and consolidation expenses in connection with the consolidation of Broadway, the ongoing consolidation of Macy's and the support operation restructurings.

Business integration and consolidation expenses for the second quarter of 1995 consist of \$71.7 million associated with the integration of Macy's into the Company and \$17.3 million related to the consolidation of the Company's Rich's/Goldsmith's and Lazarus divisions.

Net interest expense was \$115.6 million for the second quarter

of 1996, compared to \$103.2 million for the second quarter of 1995. The higher interest expense for the second quarter of 1996 is principally due to the higher levels of borrowings incurred in connection with the acquisition of Broadway.

The Company's effective income tax rate of 31.8% for the second quarter of 1996 differs from the federal income tax statutory rate of 35% principally because of permanent differences arising from the amortization of intangible assets and state and local income taxes.

FEDERATED DEPARTMENT STORES, INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Comparison of the 26 Weeks Ended August 3, 1996 and July 29, 1995

For purposes of the following discussion, all references to "1996" and "1995" are to the Company's 26 week fiscal periods ended August 3, 1996 and July 29, 1995, respectively.

Net sales for 1996 were \$6,584.9 million compared to \$6,035.3 million for 1995, an increase of 9.1%. On a comparable store basis, net sales for 1996 increased 2.7%, over 1995. Net sales for 1996 were somewhat negatively impacted by the Company's efforts to gradually reduce the degree to which it utilizes promotional selling practices with respect to home-related merchandise.

Cost of sales was 60.9% as a percent of net sales for 1996 compared to 61.1% for 1995. The improvement reflects the lower level of promotional activity for home-related merchandise and increased sales of higher margin private label merchandise. Cost of sales includes no charge in 1996 compared to a charge of \$1.8 million in 1995 resulting from the valuation of merchandise inventory on the last-in, first-out basis.

Selling, general and administrative expenses were 34.4% as a percent of net sales for 1996 compared to 35.4% for 1995. The improvement primarily reflects the operating efficiencies resulting from the integration of Macy's into the Company in fiscal 1995 and other support operation restructurings.

Business integration and consolidation expenses for 1996 consist of \$148.7 million associated with the integration of Broadway and \$27.9 million related to the ongoing consolidation of Macy's and other support operation restructurings.

Business integration and consolidation expenses for 1995 consist of \$145.2 million associated with the integration of Macy's into the Company and \$27.1 million related to the consolidation of the Company's Rich's/Goldsmith's and Lazarus divisions.

Net interest expense was \$227.9 million for 1996 compared to \$200.8 million for 1995. The higher interest expense for 1996 is principally due to higher levels of borrowing incurred in connection with the acquisition of Broadway.

The Company's effective income tax rate of 32.8% for 1996 differs from the federal income tax statutory rate of 35.0% principally because of permanent differences arising from the amortization of intangible assets and state and local income taxes.

Liquidity and Capital Resources

For purposes of the following discussion, all references to

"1996" and "1995" are to the Company's 26 week fiscal periods ended August 3, 1996 and July 29, 1995, respectively.

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

FEDERATED DEPARTMENT STORES, INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Net cash provided by operating activities in 1996 was \$378.3 million an increase of \$554.2 million compared to net cash used by operating activities of \$175.9 million in 1995. In addition to improved operating results, the most significant factors contributing to this improvement were greater reductions in customer accounts receivable due to Broadway store closings and lower increases in merchandise inventories.

Net cash used in investing activities was \$159.3 million in 1996 with purchases of property and equipment totaling \$264.4 million and dispositions of property and equipment, principally Broadway stores, totaling \$105.1 million. During 1996, the Company opened two new furniture galleries, converted an existing Stern's store to a Macy's store and closed the existing Macy's store in that trading area and closed three other stores.

Net cash used by the Company for all financing activities was \$257.3 million in 1996. During 1996, the Company repaid \$1,034.4 million of debt, including \$386.5 million of commercial paper borrowings under a receivables based credit facility of a subsidiary of Broadway which was terminated on May 14, 1996, \$64.0 million of asset-backed notes issued by a subsidiary of Broadway and \$214.2 million of term borrowings and \$230.0 million of revolving credit loans under its bank credit facility.

During 1996, the Company issued \$450.0 million of 8-1/2% Senior Notes due 2003 and a wholly owned subsidiary of the Company issued \$238.8 million of asset-backed certificates in two separate classes. The two classes are: (i) \$218.0 million in aggregate principal amount of 6.70% Class A Asset-Backed Certificates, Series 1996-1 due May 15, 2001 and (ii) \$20.8 million in aggregate principal amount of 6.85% Class B Asset-Backed Certificates, Series 1996-1 due June 15, 2001. The Company also issued 4.1 million shares of common stock and received \$99.0 million in proceeds upon the exercise of its Series A Warrants.

On May 3, 1997, a \$200.0 million installment of a note receivable matures and \$176.0 million of borrowings under a note monetization facility become due and payable. Accordingly, as of August 3, 1996, such amounts have been included in accounts receivable and short-term debt, respectively.

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

Management of the Company believes that, with respect to its current operations, cash on hand and funds from operations, together with its credit facilities, will be sufficient to cover its reasonably foreseeable working capital, capital expenditure and debt service requirements. Acquisition transactions, if any, are expected to be financed through a combination of cash on hand and from operations and the possible issuance from time to time of long-term debt or other

securities. Depending upon conditions in the capital markets and other factors, the Company will from time to time consider other possible capital markets transactions, including the refinancing of indebtedness.

PART II -- OTHER INFORMATION

FEDERATED DEPARTMENT STORES, INC.

Item 1. Legal Proceedings

The information regarding legal proceedings in the Company's Quarterly Report on Form 10-Q for the period ended May 4, 1996 covers events known to the Company and occurring prior to June 4, 1996. Subsequent to that date, the Company and its subsidiaries have been involved in various legal proceedings incidental to the normal course of their business. Management does not expect that any of such proceedings will have a material adverse effect on the Company's consolidated financial position or results of operations.

Item 5. Other Information

On June 4, 1996, the Company and GE Capital Consumer Card Co. ("GE Bank") and certain of their respective affiliates entered into various agreements pursuant to which the contractual arrangements previously entered into between Macy's and GE Bank were modified to provide for, among other things, a methodology that will govern the allocation of the ownership of Macy's credit card accounts between GE Bank and the Company. In addition, the parties entered into certain cross-servicing arrangements with a view to facilitating uniform treatment of Company-owned Macy's accounts and GE Bank-owned Macy's accounts.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

10.1 Amended and Restated Credit Card Program Agreement, dated as of June 4, 1996, by and among GE Capital Consumer Card Co. ("GE Bank"), the Company, FDS National Bank ("FDS Bank"), Macy's East, Inc., Macy's West, Inc., Bullock's, Inc., Broadway Stores, Inc., FACS Group, Inc. ("FACS") and MSS-Delaware, Inc. *

10.2 Amended and Restated Trade Name and Service Mark License Agreement, dated as of June 4, 1996, by and among the Company, GE Bank and General Electric Capital Corporation ("GE Capital")

10.3 FACS Credit Services and License Agreement, dated as of June 4, 1996, by and among GE Bank, GE Capital and FACS *

10.4 FDS Guaranty, dated as of June 4, 1996

10.5 GE Capital Credit Services and License Agreement, dated as of June 4, 1996, by and among GE Capital, FDS Bank, the Company and FACS *

PART II -- OTHER INFORMATION

FEDERATED DEPARTMENT STORES, INC.

10.6 GE Capital/GE Bank Credit Services Agreement,
dated as of June 4, 1996, by
and among GE Capital and GE Bank *

10.7 Amended and Restated Commercial Accounts
Agreement, dated as of June 4,
1996, by and among GE Capital, the Company, FDS
Bank, Macy's East, Inc., Macy's West, Inc.,
Bullock's, Inc., Broadway Stores, Inc., FACS and
MSS-Delaware, Inc. *

11 Statement re computation of per share earnings

27 Financial Data Schedule

(b) Reports on Form 8-K

No reports were filed on Form 8-K during the quarter
ended August 3, 1996.

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

FEDERATED DEPARTMENT STORES, INC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of
1934, the Registrant has duly caused this report to be signed on
its behalf by the undersigned thereunder duly authorized.

FEDERATED DEPARTMENT STORES, INC.

Date September 17, 1996 /s/ Dennis J. Broderick
Dennis J. Broderick
Senior Vice President, General Counsel
and Secretary

/s/ John E. Brown
John E. Brown
Senior Vice President and Controller
(Principal Accounting Officer)

Execution Copy

AMENDED AND RESTATED CREDIT CARD PROGRAM AGREEMENT *

Dated as of

June 4, 1996

by and among

GE CAPITAL CONSUMER CARD CO.,

FEDERATED DEPARTMENT STORES, INC.,

FDS NATIONAL BANK,

MACY'S EAST, INC.,

MACY'S WEST, INC.,

BULLOCK'S, INC.,

BROADWAY STORES, INC.,

FACS GROUP, INC., and

MSS-DELAWARE, INC.

Rider X

* Confidential portions of this Exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

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AMENDED AND RESTATED CREDIT CARD PROGRAM AGREEMENT

AMENDED AND RESTATED CREDIT CARD PROGRAM AGREEMENT, dated as of June 4, 1996, by and among GE Capital Consumer Card Co. ("GE Bank"), Federated Department Stores, Inc. ("FDS"), FDS National Bank ("FDS Bank"), Macy's East, Inc. ("Macy's East"), Macy's West, Inc. ("Macy's West"), Bullock's, Inc. ("Bullock's"), Broadway Stores, Inc. ("Broadway"), FACS Group, Inc. ("FACS") and MSS-Delaware, Inc. ("MSS").

WHEREAS, Monogram Bank, USA, R.H. Macy & Co., Inc., Macy's Northeast, Inc., Macy's South, Inc., Macy's California, Inc., Bullock's, I. Magnin, Inc., and Macy Specialty Stores, Inc. entered into a Credit Card Program Agreement dated as of May 10, 1991 (such agreement, as it has been amended from time to time, the "Original Program Agreement"); and

WHEREAS, GE Bank (as the successor to Monogram Bank, USA), FDS (as the successor to R.H. Macy & Co., Inc.), FDS Bank, Macy's East (as the successor to Macy's Northeast, Inc. and Macy's South, Inc.), Macy's West (as the successor to Macy's California, Inc.), Bullock's, and the other parties hereto desire to amend and restate the Original Program Agreement in its entirety.

NOW, THEREFORE, in consideration of the terms and mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I. DEFINITIONS

1.1. Definitions

. When used in this Agreement, the following capitalized terms shall have the meaning given to them below:

"AAA" means the American Arbitration Association or any successor thereto.

"A&S" means Abraham & Straus, Inc., a former retail division of FDS.

"A&S Accounts" has the meaning given to it in Section 2.4(a).

"Acquired Stores" means stores which are acquired by

FDS after the Prior Amendment Date or owned by FDS prior to the Prior Amendment Date and, in either case, are converted to the Macy's Tradename and have pre-existing private label credit card accounts, provided that for purposes hereof, an Acquired Store shall only be treated as an Acquired Store during the period between the date it becomes an Acquired Store and the last day of the succeeding fiscal year in which it became an Acquired Store.

"Actual Percentage" means the GE Actual Percentage or the FDS Actual Percentage, as the case may be.

"Affiliate" means, with respect to any Person, each Person that controls, is controlled by, or is under common control with, such Person. For the purpose of this definition, "control" of a Person means the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting securities, control of such Person's board of directors, by Contract or otherwise.

"Aggregate Remittance" has the meaning given to it in Section 3.1(c).

"Agreement" means this Amended and Restated Credit Card Program Agreement, including all amendments, modifications, supplements, annexes, exhibits and schedules hereto.

"Amended and Restated Trademark Agreement" means the Amended and Restated Trade Name and Service Mark License Agreement between FDS, GE Capital and GE Bank, dated as of the date hereof, pursuant to which, among other things, FDS licenses the Marks (as defined therein) to GE Capital and GE Bank, on the terms and subject to the conditions thereof, as such agreement may be amended, modified or restated from time to time.

"Audit Period" has the meaning given to it in Section 5.5(b).

"Authorized FDS Person" means the senior vice president-credit operations of FACS, as agent for FDS Bank.

"Authorized GE Person" means the executive vice president-general manager of Macy's Credit Services.

"Authorized User" means, with respect to any GE/Macy's Account, any Person authorized from time to time by the relevant GE/Macy's Account Debtor to purchase Merchandise on credit pursuant to such GE/Macy's Account.

"Average GE/Macy's Gross Receivables" means, with respect to any period, an amount equal to (a) the sum of (i) the GE/Macy's Gross Receivables on the first day of such period and (ii) an amount equal to the sum of the GE/Macy's Gross Receivables on the last day of each fiscal month in such period and divided by (b) the integer which is equal to one plus the number of fiscal months in such period.

"Average GE/Macy's Net Receivables" means, with respect to any period, an amount equal to (a) the sum of (i) the GE/Macy's Gross Receivables on the first day of such period, less the Reserve Balance on such day and (ii) an amount equal to the sum of the GE/Macy's Gross Receivables on the last day of each fiscal month in such period, less the Reserve Balances on such days divided by (b) the integer which is equal to one plus the number of fiscal months in such period.

"Bank Net Return" means, for any fiscal year, the ratio, expressed as a percentage, of GE Bank's net after-tax income from the Program for such year, over the Deemed Equity Amount for such year. GE Bank's net after-tax income shall be calculated, for purposes of determining the Bank Net Return, pursuant to Section 5.10.

"Bank Service Discount" has the meaning given to it in Section 5.1.

"Bank Servicing Expenses" has the meaning given to it in Section 5.2.

"Bankruptcy Code" means Title 11 of the United States Code, as amended, or any other applicable state or federal bankruptcy, insolvency, moratorium or other similar Law and all Laws relating thereto.

"Broadway" has the meaning given to it in the Preamble.

"Broadway Determination Date" has the meaning given to it in Schedule 2.3(b).

"Bullock's" has the meaning given to it in the Preamble.

"Business Day" means any day other than a Saturday, a Sunday or a day on which banks are required or permitted by Law to be closed in the State of Ohio.

"Charge Data" means, with respect to each Division on each Transaction Day, the following information reported on the system register balancing reports or other equivalent reports generated by such Division for such Transaction Day: (a) the unaudited aggregate GE/Macy's Credit Card sales originated by such Division on such Transaction Day not previously reported to GE Bank, (b) the unaudited aggregate amount of GE/Macy's Credit Slips issued by such Division on such Transaction Day, together with the aggregate amount of all other adjustments to GE/Macy's Account Balances by such Division on such Transaction Day, in each case not previously reported to GE Bank and (c) the unaudited aggregate amount of In-Store Payments accepted by such Division on such Transaction Day not previously reported to GE Bank.

"Closing Date" has the meaning given to it in Section 11.7(b).

"Collection Services" has the meaning given to it in Section 4.1(a).

"Comp Store Factor" means, with respect to any period, the percentage derived by dividing (i) the amount of Net Credit Sales from Comp Stores for such period by (ii) the amount of Net Credit Sales from the same stores for the same period in the immediately prior year.

"Comp Stores" means all Macy's Stores other than any store which in the 12 months immediately prior to the time of determination had either (i) a newly built Macy's Store open within a 50 mile radius of it, (ii) had a Macy's Store close within a 50 mile radius of it or (iii) had a store which was located within a 50 mile radius of it and which had been operated under a tradename other than the Macy's Tradename, and which had converted its tradename to the Macy's Tradename. Notwithstanding the foregoing, all Macy's Stores that were formerly A&S stores will be deemed Comp Stores with respect to all periods in 1996.

"Contested Amount" means any amount owed (i) by any FDS Company or any Affiliate of an FDS Company to GE Bank or any Affiliate of GE Bank or (ii) by GE Bank or any Affiliate of GE Bank to any FDS Company or any Affiliate of an FDS Company, as the case may be, pursuant to the terms of this Agreement with respect to which a Contested Amount Notice has been delivered.

"Contested Amount Notice" means a written notice delivered by an FDS Company to GE Bank or by GE Bank to an FDS Company, as the case may be, which disputes an amount owed by (i) any FDS Company or any Affiliate of an FDS Company to GE Bank or any Affiliate of GE Bank, or (ii) by GE Bank or any Affiliate of

GE Bank to any FDS Company or any Affiliate of an FDS Company, as the case may be, under this Agreement.

"Contract" means any contract, lease, credit agreement, indenture, loan agreement or other legally binding agreement, arrangement, understanding or commitment of any nature, whether written or oral.

"Converted Store" has the meaning given to it in Section 2.3(a).

"Conveyance" has the meaning given to it in Section 9.4.

"Credit and Collection Policy" means the major and non-major credit and collection policies applicable to GE/Macy's Accounts and FDS/Macy's Accounts (which may differ due to changes to the Credit and Collection Policy applicable to only the GE/Macy's Accounts or FDS/Macy's Accounts effected pursuant to the provisions of Section 4.4), which include, without limitation, the terms and conditions of credit card agreements, the terms and conditions under which credit is extended to account debtors or credit lines are reduced, the policies and procedures for determining the creditworthiness of individual applicants under the Program, the policies and procedures for determining the range of credit limits to be made available to individual account debtors, the policies and procedures for determining whether to suspend or terminate credit privileges of any account debtors, and the policies and procedures for collecting past due accounts, writing off accounts, placing accounts with collection agencies, producing and mailing statements and credit cards, and processing payments, in the form initialed by the parties hereto simultaneously with the execution and delivery of this Agreement, as such policies may be amended, modified or changed from time to time in accordance with the terms and conditions of this Agreement.

"Current Interim Period" has the meaning given to it in Section 5.1.

"Daily Settlement Statement" has the meaning given to it in Section 3.1(a).

"Damages" has the meaning given to it in Section 10.1(a).

"Deemed Equity Amount" means, with respect to any fiscal year, an amount equal to [OMISSION] of the Average GE/Macy's Net Receivables outstanding during such fiscal year.

"Division" means any of (a) Macy's East, (b) Macy's West, (c) Bullock's, (d) Broadway, (e) MSS and (f) any other Person (other than a Licensee) that operates, conducts business or makes sales under the Macy's Tradename.

"Dual Use Card" means a [OMISSION].

"Eligible Chargeback GE/Macy's Receivables" has the meaning given to it in Section 3.5(b).

"Estimated Remittance" has the meaning given to it in Section 3.1(b).

"Event of Bankruptcy" means, with respect to any Person, the occurrence of any of the following events: (a) with respect to any Person subject to the jurisdiction of the Federal Deposit Insurance Corporation (the "FDIC"), the FDIC or any other Governmental Authority having jurisdiction over such Person shall order the appointment of a custodian, receiver, liquidator, assignee, trustee, or sequestrator (or similar official) of such Person or of any substantial part of its properties, or order the winding-up or liquidation of the affairs of such Person and such order shall not be vacated, discharged, stayed, or bonded within

60 days after the date of entry thereof, or (b) a decree or order, by a Governmental Authority having jurisdiction, shall be entered with respect to such Person and shall not be vacated, discharged, stayed or bonded within 60 days after the date of entry thereof, (i) for relief in respect of such Person pursuant to the Bankruptcy Code, (ii) appointing a custodian, receiver, liquidator, assignee, trustee, or sequestrator (or similar official) of such Person or of any substantial part of its properties, or (iii) ordering the winding-up or liquidation of the affairs of such Person, or (c) a person or entity other than such Person shall file a petition seeking the institution of any proceedings specified in clauses (b)(i), (ii) or (iii) in respect of such Person, and such petition shall not be discharged or dismissed within 60 days after the date of filing thereof, or (d) such Person shall (i) file a petition seeking relief pursuant to the Bankruptcy Code, (ii) consent to the institution of proceedings pursuant thereto or to the filing of any such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee or sequestrator (or similar official) of such Person or of any substantial part of its properties, or the winding up or liquidation of its affairs or (iii) take corporate action in furtherance of any such action.

"Extended Term" has the meaning given to it in Section 11.1(a).

"Face Amount" means, with respect to any GE/Macy's Receivable, an amount equal to the total amount reflected on the GE/Macy's Charge Slip with respect to such GE/Macy's Receivable.

"FACS" has the meaning given to it in the Preamble.

"FACS Services Agreement" means the FACS Credit Services and License Agreement dated as of the date hereof by and among FACS, GE Bank and GE Capital pursuant to which, among other things, FACS provides certain services to GE Bank and GE Capital, as such agreement may be amended, modified or restated from time to time.

"FACS Servicing Fee" has the meaning given to it in Section 5.2.

"FDS" has the meaning given to it in the Preamble.

"FDS Actual Percentage" means, with respect to any period, the percentage of total Net Credit Sales in respect of such period represented by the amount of FDS Net Credit Sales in respect of such period, provided that for purposes of calculating the FDS Actual Percentage, the aggregate amount of any credit sales generated by Non-Permitted Credit Programs and/or any credit program described in Section 9.7(c) shall be added to the amount of both Net Credit Sales and FDS Net Credit Sales.

"FDS Bank" has the meaning given to it in the Preamble.

"FDS Companies" means FDS, FDS Bank, each of the Divisions and FACS.

"FDS Credit Sales Share" means, with respect to any period, the credit sales derived by subtracting (i) the GE Credit Sales Share for such period from (ii) total Net Credit Sales for such period.

"FDS Guaranty" means the FDS Guaranty made by FDS in favor of the Guaranteed Parties thereunder, dated as of the date hereof.

"FDS Indemnified Parties" has the meaning given to it in Section 10.2(a).

"FDS Legal Changes" means changes to the Credit and Collection Policy unilaterally made by the FDS Companies pursuant

to Section 4.4(c).

"FDS Material Adverse Effect" means a material adverse effect on (a) GE Bank's title to the GE/Macy's Accounts or GE/Macy's Receivables taken as a whole, (b) the ability of any FDS Company to perform its obligations under this Agreement or (c) the Program, or the GE/Macy's Receivables or the GE/Macy's Accounts, in each case taken as a whole, provided that the sale by FDS of MSS shall not constitute an FDS Material Adverse Effect as long as the business and operations of MSS at the time of such sale are substantially similar to the business and operations of MSS on the date hereof.

"FDS/Macy's Account" means any Macy's Account (other than GE/Macy's Accounts) which, pursuant to the provisions of Article II of the Agreement, is owned by, and with respect to which credit is extended by, FDS or FDS Bank.

"FDS/Macy's Credit Card" means any card issued by FDS Bank to a Person, which card can only be used by such Person to purchase Merchandise on credit from one or more of the Retailers pursuant to an FDS/Macy's Account (i) owned by FDS Bank, (ii) transferred to FDS Bank pursuant to this Agreement or (iii) established by FDS Bank pursuant to this Agreement.

"FDS Net Credit Sales" means, with respect to any period, the aggregate amount of Net Credit Sales generated with respect to such period by FDS/Macy's Accounts.

"FDS Revised Credit Sales Share" means, with respect to any period on a year to date basis, the amount of Net Credit Sales derived from the application of the following formula:

$$[(\text{Net Credit Sales minus Net Credit Sales generated by New Stores and Acquired Stores}) \times \text{FDS Target Percentage}] + ([\text{OMISSION}]\% \text{ of Net Credit Sales generated by New Stores}) + ([\text{OMISSION}]\% \text{ of Net Credit Sales generated by Acquired Stores})$$

"FDS Revised Target Percentage" means, with respect to any period, an amount equal to the percentage of total Net Credit Sales with respect to such period represented by the FDS Revised Credit Sales Share for such period.

"FDS Target Percentage" means, with respect to any period, the percentage derived by subtracting (i) the GE Target Percentage applicable to such period from (ii) 100%.

"FDS Termination Trigger" has the meaning given to it in Section 11.4.

"Fees" means all late fees (less unpaid late fee reversals net of recoveries), returned check fees and similar fees charged on GE/Macy's Accounts.

"Final Agreement Date" has the meaning given to it in Section 5.3(b).

"Final Projected Receivables Balance Statement" has the meaning given to it in Section 3.8(c).

"Final Purchase Price" has the meaning given to it in Section 11.7(d).

"Finance Charge Income" means finance charges billed to cardholders less unpaid finance charge reversals (net of recoveries of such reversals) on account balances written-off, less other concessions and adjustments in the normal course of business.

"Fraudulent Charges" has the meaning given to it in Section 3.5(c)(iv).

"GE Actual Percentage" means, with respect to any period, the percentage of total Net Credit Sales in respect of such period represented by the amount of GE Net Credit Sales in respect of such period, provided that for purposes of calculating the GE Actual Percentage, the aggregate amount of any credit sales generated by Non-Permitted Credit Programs and/or any credit program described in Section 9.7(c) shall be added to the amount of Net Credit Sales.

"GE Bank" has the meaning given to it in the Preamble.

"GE Capital" means General Electric Capital Corporation.

"GE Capital Services Agreement" means the GE Capital Credit Services and License Agreement dated as of the date hereof by and among GE Capital, FDS, FDS Bank and FACS pursuant to which GE Capital provides certain services to FDS and FDS Bank, as such agreement may be amended, modified or restated from time to time.

"GE Capital/GE Bank Services Agreement" means the GE Capital/GE Bank Credit Services Agreement between GE Capital and GE Bank, dated as of the date hereof, as such agreement may be amended, modified or restated from time to time.

"GE Credit Sales Share" means, with respect to any period, an amount equal to the product of (i) the amount of total GE Net Credit Sales for the same period in the immediately prior year times (ii) the Comp Store Factor applicable to such period.

"GE Designee" means Richard A. Hayes or, if Richard A. Hayes ceases to hold his current position with GE Capital, the individual who replaces Richard A. Hayes at such position or, if such position ceases to exist at GE Capital, an individual appointed by an employee of GE Capital who holds a position senior to such eliminated position.

"GE Indemnified Parties" has the meaning given to it in Section 10.1(a).

"GE Legal Changes" means changes to the Credit and Collection Policy unilaterally made by GE Bank pursuant to Section 4.4(c).

"GE Material Adverse Effect" means a material adverse effect on (a) GE Bank's ability to perform its obligations under this Agreement or (b) the Program, or the GE/Macy's Accounts or the GE/Macy's Receivables taken as a whole.

"GE Net Credit Sales" means, with respect to any period, the aggregate amount of Net Credit Sales generated with respect to such period by GE/Macy's Accounts.

"GE Revised Credit Sales Share" means, with respect to any period on a year to date basis, the amount of Net Credit Sales derived from the application of the following formula:

[(Net Credit Sales minus Net Credit Sales generated by New Stores and Acquired Stores) times GE Target Percentage] plus ([OMISSION]% of Net Credit Sales generated by New Stores)

"GE Revised Target Percentage" means, with respect to any period, an amount equal to [OMISSION].

"GE Target Percentage" means, with respect to any period, the percentage of total Net Credit Sales with respect to such period represented by the GE Credit Sales Share applicable to such period, provided that (i) after 1996 the calculation of Net Credit Sales used for purposes of this definition shall include the amount of all Virtual Comp Net Credit Sales but not include the amount of any Virtual Non-Comp Net Credit Sales and (ii) the GE Target Percentage shall never be less than 50%

subject to Section 3.8(f).

"GE Termination Trigger" has the meaning given to it in Section 11.2.

"GE/Macy's Account" means a GE Bank owned credit-card-accessed open-end consumer credit Macy's Account established at any time (past, present or future) in favor of a GE/Macy's Account Debtor and used primarily for personal, family or household purposes or uses that is established pursuant to a GE/Macy's Credit Card Agreement and which is identified by a unique GE/Macy's Account number. Notwithstanding the foregoing, "GE/Macy's Account" does not include: (a) any non-credit-card-accessed account, (b) any account established at any time (past, present or future) in favor of GE/Macy's Account Debtors and used primarily for other than personal, family or household purposes or uses, (c) any account issued to Persons other than natural Persons, (d) any closed-end credit account and (e) any accounts generated pursuant to layaway plans.

"GE/Macy's Account Balance" means, with respect to any GE/Macy's Account, the outstanding balance of such GE/Macy's Account at the time of determination, which shall consist of, without limitation, the sum of (i) the aggregate Face Amount of GE/Macy's Receivables posted to such GE/Macy's Account prior to such time and (ii) the aggregate amount of any and all fees and charges posted to such GE/Macy's Account prior to such time, including, without limitation, interest and finance charges, returned check charges or late charges, and insurance premiums, minus the aggregate amount of all credits, payments, adjustments, and employee discounts posted to such GE/Macy's Account prior to such time, provided that the GE/Macy's Account Balance of any of the following accounts shall be zero (whether or not any GE/Macy's Receivables with respect to such account are included on the Master File at such time): any GE/Macy's Account where, as of the time of determination, (a) the GE/Macy's Account Debtor has been coded on the Master Files with respect to any prior billing cycle as having filed a petition for relief under the Bankruptcy Code, having made a general assignment for the benefit of creditors, having had filed against it any petition or other application for relief under the Bankruptcy Code, or having suffered a receiver or trustee to be appointed for all or a significant portion of its assets, and under the Credit and Collection Policy such GE/Macy's Account was required to be written off, but was not written off, (b) such GE/Macy's Account is 210 days or more past due, (c) such GE/Macy's Account has been referred to an attorney, collection agency, or other entity for collection and has been written off in accordance with the Credit and Collection Policy, or (d) such GE/Macy's Account has been written off as uncollectible under the Credit and Collection Policy at any time prior to the time of determination.

"GE/Macy's Account Debtor" means any natural Person who is a party to a GE/Macy's Credit Card Agreement or who is or who may become obligated under, with respect to, or on account of, a GE/Macy's Account from time to time.

"GE/Macy's Account Debtor List" has the meaning given to it in Section 4.6.

"GE/Macy's Account Documentation" means, with respect to a GE/Macy's Account, any and all documentation from time to time relating to such GE/Macy's Account, including, without limitation, GE/Macy's Credit Card Documentation, checks and stubs, correspondence, memoranda, documents, instruments, certificates, agreements, invoices, sales or shipping slips, delivery and other receipts, magnetic tapes, disks, hard copy formats, and other computer-readable data transmission, and any other records of whatever form or nature, related to any of the foregoing, any other written, electronic or other material related to any of the foregoing, any microfilm, electronic or other copy of any of the foregoing and all other materials, including, without limitation, tangible and intangible

information, arising from any of the foregoing or pertaining thereto.

"GE/Macy's Charge Slip" means a sales receipt, including, but not limited to, an invoice, evidencing a purchase of Merchandise on credit pursuant to a GE/Macy's Account.

"GE/Macy's Credit Card" means any card issued by GE Bank, to a Person, which card can only be used by such Person to purchase Merchandise from one or more of the Retailers on credit pursuant to a GE/Macy's Account (i) owned by GE Bank, (ii) transferred to GE Bank pursuant to the Purchase Agreement or (iii) established by GE Bank pursuant to this Agreement.

"GE/Macy's Credit Card Agreement" means a revolving credit card agreement entered into between GE Bank and a GE/Macy's Account Debtor (and any replacement of such agreement), in each case pursuant to which such GE/Macy's Account Debtor and Authorized Users may be permitted to purchase Merchandise from any Retailer on credit granted by GE Bank to such GE/Macy's Account Debtor from time to time, whether or not there is a finance charge computed from time to time, together with any amendments, modifications or supplements which now or hereafter may be made to such GE/Macy's Credit Card Agreement (and any replacement of such agreement) and any replacements thereof.

"GE/Macy's Credit Card Application" means any application for a GE/Macy's Account completed and submitted (whether by mail, telephone or other electronic means) by or on behalf of any Person or Persons.

"GE/Macy's Credit Card Documentation" means, with respect to a GE/Macy's Account, all GE/Macy's Credit Card Applications, GE/Macy's Credit Card Agreements, GE/Macy's Credit Cards, GE/Macy's Charge Slips, GE/Macy's Credit Slips, credit bureau reports, periodic billing statements, prescreen solicitations and offers of credit relating to GE/Macy's Accounts, adverse action notices, change of terms notices and receipts for In-Store Payments.

"GE/Macy's Credit Slip" means (a) a sales credit receipt evidencing a return or exchange of Merchandise purchased pursuant to a GE/Macy's Account, or (b) a credit on a GE/Macy's Account as an adjustment on account, including for Merchandise purchased from any Retailer.

"GE/Macy's Gross Receivables" means, for the day in question, an amount equal to the aggregate GE/Macy's Account Balances outstanding as updated through the close of business on such day.

"GE/Macy's Receivable" means any and all amounts owing from time to time with respect to the purchase of Merchandise on credit pursuant to a GE/Macy's Account, including, without limitation, any charges for sales tax, regardless of whether such GE/Macy's Receivable consists of an "account," "chattel paper," an "instrument" or a "general intangible" under and as defined in Article or Division 9 of the UCC applicable to such GE/Macy's Receivable and all proceeds of any of the foregoing, together with (a) any and all GE/Macy's Account Documentation relating to such GE/Macy's Receivable and any "document" (as defined in the UCC) covering any Merchandise relating to such GE/Macy's Receivable, (b) any and all rights and remedies as to stoppage-in-transit, reclamation, return and repossession of Merchandise with respect to such GE/Macy's Receivable, whether arising by Contract or by Law, (c) any and all Merchandise, goods or other property that is security for such GE/Macy's Receivable or for any item referred to in clause (a), (b), (d), (e), or (f) of this definition, (d) any and all contracts of indemnity, guaranties, sureties, letters of credit, proceeds of insurance claims, security interests, or other direct or indirect security or support held by or granted to any Retailer by any Person to secure payment of such GE/Macy's Receivable, (e) any and all

other rights, remedies, benefits, interests and titles, both legal and equitable, to which any Retailer or any Affiliate of any Retailer may now or at any time hereafter be entitled in respect of any of the foregoing, and (f) any and all proceeds of any of the foregoing. Each purchase of Merchandise by a GE/Macy's Account Debtor or an Authorized User pursuant to a GE/Macy's Account shall constitute a separate GE/Macy's Receivable.

"Governmental Authority" means any government, any state, or any other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, in each case whether federal, state or local.

"Guaranty Agreements" means (i) the Amended and Restated GE Capital Guaranty made by GE Capital in favor of the Guaranteed Parties thereunder, dated as of the date hereof, together with (ii) the FDS Guaranty.

"In-Store Payment" means any payment on a GE/Macy's Account made by a GE/Macy's Account Debtor (or any other Person acting on behalf of such GE/Macy's Account Debtor) at a Macy's Store.

"Independent Firm" has the meaning given to it in Section 9.9.

"Initial Term" has the meaning given to it in Section 11.1(a).

"JM Determination Date" has the meaning given to it in Schedule 2.3(b).

"Key Credit Activities" means (i) making Remittances in connection with any GE/Macy's Receivables and (ii) authorizing extensions of credit pursuant to the provisions of this Agreement or the GE/Macy's Credit Card Documentation.

"Law" means all laws, codes, statutes, ordinances, rules, regulations, decrees and orders of any Governmental Authority.

"Licensee" means any Person who, pursuant to a Contract with an FDS Company or Affiliate of an FDS Company, is permitted from time to time by such FDS Company (or such Affiliate) to make credit sales of Merchandise to GE/Macy's Account Debtors or Authorized Users pursuant to or utilizing GE/Macy's Credit Card Agreements.

"Lien" means any mortgage, pledge, hypothecation, assignment, claim, lien (statutory or other), right of first refusal, charge or encumbrance, imperfection of title or other matters affecting title, and any rights of third parties whatsoever, including, without limitation, any liens or encumbrances (whether choate or inchoate) arising in respect of taxes.

"Litigation" means any claim, action, suit, proceeding, arbitration, investigation or inquiry before, by or on behalf of any Governmental Authority.

"Macy's Account" means a private label credit card accessed open-end consumer credit Macy's account used primarily for personal, family or household purposes for Sales of Merchandise whether from Macy's Stores or otherwise.

"Macy's East" has the meaning given to it in the Preamble.

"Macy's Stores" means any and all stores which are operated, conduct business or make sales under the Macy's Tradename.

"Macy's Tradename" means "Macy's", "Charter Club", "Bullock's", "Aeropostale" and any successor, substitute or replacement tradename for any of them.

"Macy's West" has the meaning given to it in the Preamble.

"Major Credit and Collection Policies" means the Credit and Collection Policies described on Schedule 1 hereto.

"Master File" means, with respect to each Division, on any date, the computer files containing the most recently posted financial, GE/Macy's Account status and demographic information with respect to any of such Division's GE/Macy's Accounts, including, without limitation, active, inactive and recovery GE/Macy's Accounts, which computer files represent the GE/Macy's Gross Receivables of such Division on such date, together with corresponding control reports.

"Maximum Amount Notice" has the meaning given to it in Section 3.8(d).

"Maximum Cardholder Credit Amount" has the meaning given to it in Section 3.8(a).

"Maximum Cardholder Credit Solution" has the meaning given to it in Section 3.8(f).

"Merchandise" means all goods and services sold by Retailers.

"Merchandise Adjustments" has the meaning given to it in Section 3.5(c)(i).

"Misrepresented GE/Macy's Receivables" has the meaning given to it in Section 3.5(c)(v).

"Missing Media" has the meaning given to it in Section 3.5(c)(ii).

"Money Cost" means, for any period, the aggregate interest expense incurred by GE Bank to finance the GE/Macy's Receivables for such period, calculated in accordance with Schedule 5.4(e).

"Monthly Penalty" has the meaning given to it in Section 5.7(b).

"Monthly Review Period" has the meaning given to it in Section 5.4(a).

"Monthly Settlement Statement" has the meaning given to it in Section 3.4.

"MSS" has the meaning given to it in the Preamble.

"Net Book Value" means, with respect to any group of GE/Macy's Accounts and related GE/Macy's Receivables, an amount equal to (a) the sum of (i) the aggregate amount of the GE/Macy's Account Balances of such GE/Macy's Accounts which have a debit balance as of the date of determination, and (ii) the aggregate Face Amount of deferred receivables with respect to which Merchandise has been delivered as of the date of determination, which amount has not been posted as of the date of determination, less (b) the sum of (i) the Reserve Balance as of the date of determination and (ii) the aggregate amount of all GE/Macy's Account Balances of such GE/Macy's Accounts which have a credit balance as of the date of determination.

"Net Credit Sales" means, with respect to any period, the aggregate Face Amount of receivables generated in such period by FDS/Macy's Accounts and GE/Macy's Accounts, less an amount

equal to the aggregate dollar amount of credit adjustments against sales to such accounts during such period.

"Net Return Dispute Notice" has the meaning given to it in Section 5.5(c).

"Net Return Statement" has the meaning given to it in Section 5.5(a).

"Net Write-Offs" means, with respect to any period, (a) the aggregate GE/Macy's Account Balances written-off as losses during such period, less (b) any unpaid finance charges and fees (other than agency and attorneys' fees) on such Account Balances during such period, less (c) the aggregate amount recovered with respect to previously written-off GE/Macy's Account Balances (net of finance charge and fee recoveries) during such period.

"New Accounts Allocation Percentage" means [OMISSION].

"New Stores" means stores which are (i) newly built Macy's Stores that open after the Prior Amendment Date, or (ii) acquired by FDS after the Prior Amendment Date and converted to the Macy's Tradename and which do not have pre-existing private label credit card accounts at the time of acquisition, or (iii) owned by FDS prior to the Prior Amendment Date and which are converted to the Macy's Tradename and do not have pre-existing private label credit card accounts as of the Prior Amendment Date, provided that for purposes hereof, a New Store shall only be treated as a New Store during the period between the date it becomes a New Store and the last day of the succeeding fiscal year in which it became a New Store.

"Newly Opened Macy's Account" means Macy's Accounts, including, but not limited, to Macy's Accounts opened as a result of prescreens and other methods, opened after the Prior Amendment Date at (i) any Macy's Store existing as of the Prior Amendment Date, (ii) any new Macy's Store opened after the Prior Amendment Date and (iii) an Acquired Store after the date of conversion of such store into a Macy's Store.

"Non-Overlapping Acquired Stores" means Acquired Stores (i) which are within a 50 mile radius of an existing Macy's Store and which do not individually or in the aggregate account for Net Credit Sales in excess of \$100 million in the 12-month period immediately prior to becoming Acquired Stores or (ii) which are not within a 50 mile radius of an existing Macy's Store.

"Non-Permitted Credit Program" means any consumer credit, debit or charge program which may be utilized for the purchase of goods and services, other than a program which the FDS Companies are permitted to accept, utilize, market or promote pursuant to Section 9.7 hereof.

"Operating Expense Budget" has the meaning given to it in Section 5.3.

"Operating Expenses" means all costs and expenses directly incurred (including appropriate accruals) by GE Bank in connection with the Program (other than overhead assigned to GE Bank by GE Capital, Net Write-Offs, Reserve Change, taxes, Bank Servicing Expenses, and FACS Servicing Fees).

"Original Program Agreement" has the meaning given to it in the Preamble.

"Other Costs" has the meaning given to it in Section 9.2(a).

"Overlapping Acquired Stores" means Acquired Stores other than Non-Overlapping Acquired Stores.

"Percentage Variance" has the meaning given to it in Section 2.2(c)(iii).

"Period" has the meaning given to it in Section 5.2.

"Period Penalty" has the meaning given to it in Section 5.6(a).

"Permit" means any license, permit, certificate, consent, authorization, franchise, or other approval from any Governmental Authority.

"Person" means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, institution, public benefit corporation, entity or Governmental Authority.

"Policy Committee" has the meaning given to it in Section 4.3(a).

"Previously Paid GE/Macy's Receivables" has the meaning given to it in Section 3.5(c)(vi).

"Prime Rate" means, on the date of determination, the highest bank prime loan rate reported in the "Money Rates" section of The Wall Street Journal (or, if such publication is discontinued, such other publication of similar type as agreed to by FDS and GE Bank) as the "Prime Rate" on such date, whether or not such rate is ever actually charged or paid by any Person.

"Prior Amendment Date" means February 3, 1996.

"Prior Remittance" has the meaning given to it in Section 3.1(a).

"Program" means the credit card program established by the Original Program Agreement and continued pursuant to this Agreement.

"Projected Monthly Discount" has the meaning given to it in Section 5.2.

"Projected Receivables Balance Statement" has the meaning given to it in Section 3.8(c).

"Purchase Agreement" means the Account Purchase Agreement, dated as of May 10, 1991, by and among Monogram Bank, USA, R.H. Macy & Co., Inc., Macy Credit Corp., Macy Receivables Funding Corp., Macy's California, Inc., Macy's Northeast, Inc., Macy's South, Inc., Bullock's, Inc., I. Magnin, Inc., Macy Receivables Master Servicing Corp., and Macy Specialty Stores, Inc.

"Purchase Price" has the meaning given to it in Section 11.7(b).

"Purchase Price Audit Period" has the meaning given to it in Section 11.7(c).

"Purchase Price Dispute Notice" has the meaning given to it in Section 11.7(c).

"Rate Exported Terms" has the meaning given to it in Section 10.1(a)(vii).

"Remittance" has the meaning given to it in Section 3.1(a).

"Required Coverage Percentage" means [OMISSION].

"Reserve Balance" means, on any date, an amount equal to the product of (i) the GE/Macy's Gross Receivables on such date and (ii) the Required Coverage Percentage.

"Reserve Change" means Reserve Balance as of the end of

the applicable period minus Reserve Balance as of the beginning of such period.

"Retailers" means each Division and each Licensee.

"Revenue Enhancement Program" has the meaning given to it in Section 5.8.

"Revised Target Percentage" means the GE Revised Target Percentage or the FDS Revised Target Percentage, as the case may be.

"Sale" means the sale of goods, services or purchase certificates to any Person, whether such sale occurs in a store, by mail order, by telephone order, by computer or other direct access method, or by any other medium or method through which a sale can be effected.

"Solvent" means, when used with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person is able to realize upon its assets and pay its debts and other liabilities, contingent obligations and other commitments as they mature in the normal course of business, (d) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature, and (e) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute unreasonably small capital after giving due consideration to the prevailing practice in the industry in which such Person is engaged. In computing the amount of contingent liabilities at any time, it is intended that such liabilities will be computed at the amount which, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Specified Accounts" has the meaning given to it in Section 4.8(a).

"Specified Fees" has the meaning given to it in Section 10.1(a)(vii).

"Target Percentage" means the GE Target Percentage or the FDS Target Percentage, as the case may be.

"Target Return" means, with respect to any period, a Bank Net Return of [OMISSION]% (on an annualized basis) for such period.

"Third Party Acquisition" means the direct or indirect acquisition by any FDS Company, or any Affiliate of any FDS Company, of (a) all or substantially all of the assets of any retailer, (b) more than 50% of the outstanding voting securities of any retailer, or (c) the power to direct or cause the direction of any retailer's management or policies, whether through the ownership of securities, control of such retailer's board of directors, by Contract, or otherwise.

"Transaction Amount" has the meaning given to it in Section 3.1(a).

"Transaction Day" means any day, including any non-Business Day, on which Merchandise is sold by Retailers.

"Transaction Documents" means all agreements, certificates and other documents being executed and delivered at

or prior to the closing of the transactions contemplated by this Agreement, including the FACS Services Agreement, the GE Capital Services Agreement, the Amended and Restated Trademark Agreement, the Guaranty Agreements, and the letter from GE Capital to FDS dated as of the date hereof and shall refer to such documents as the same may be in effect at the time such reference is operative.

"Two-Year Sales Projection" has the meaning given to it in Section 3.8(b).

"UCC" means the Uniform Commercial Code (or analogous personal property security Law) of the jurisdiction with respect to which such term is used as in effect from time to time.

"Uncontested Amount" means an amount equal to or greater than \$[OMISSION], which amount is owed (i) by any FDS Company or any Affiliate of an FDS Company to GE Bank or to any Affiliate of GE Bank, or (ii) by GE Bank or any Affiliate of GE Bank to any FDS Company or any Affiliate of an FDS Company, as the case may be, pursuant to the terms of this Agreement, and with respect to which a Contested Amount Notice has not been delivered.

"Unidentifiable Media" has the meaning given to it in Section 3.5(c)(iii).

"Virtual Comp Net Credit Sales" means all Net Credit Sales effected both (i) other than by a transaction in a Macy's Store and (ii) by customers who reside in states in which there was at least one Macy's Store as of the date of the transaction.

"Virtual Comp Store" has the meaning given to it in Section 2.2(e)(iii).

"Virtual Non-Comp Net Credit Sales" means all Net Credit Sales effected other than by a transaction in a Macy's Store, other than Virtual Comp Net Credit Sales.

1.2. Fiscal Periods. All references to fiscal years, fiscal quarters or fiscal months in this Agreement refer to FDS fiscal years, FDS fiscal quarters or FDS fiscal months, as the case may be.

ARTICLE

II.

CONTINUATION OF PROGRAM; OWNERSHIP OF ACCOUNTS

2.1. Continuation of Program

. The parties hereto agree to continue the credit card program established pursuant to the Original Program Agreement in accordance with the terms hereof and so hereby amend and restate the Original Program Agreement in its entirety. The parties hereto acknowledge and agree that all sales of Merchandise by the FDS Companies under the Macy's Tradename are subject to the terms and conditions of this Agreement. In this regard, the Agreement provides a methodology pursuant to which the parties will share allocation of Newly Opened Macy's Accounts provided that, subject to the provisions of Sections 2.2(e)(ii) and 3.8(f), the parties intend that GE Bank own accounts representing not less than [OMISSION]% of all private label credit card sales under the Macy's Tradename.

2.2. Ownership and Treatment of Macy's Accounts Opened After the Prior Amendment Date

. The parties acknowledge and agree that (a) except for the specifically described exceptions set forth in Sections 2.2, 2.3, 2.4 and 3.8(f), GE Bank shall continue to have the exclusive right to open new Macy's Accounts subject to and in accordance with the terms of this Agreement and (b) that, without limiting the generality of the foregoing, if FDS converts any stores to the Macy's Tradename after the Prior Amendment Date, private

label accounts of such store held by Persons who also hold a GE/Macy's Account (i) shall not be accepted at any Macy's Store nor issued an FDS/Macy's Account without the prior written agreement of GE Bank, and (ii) shall be treated in a manner to be mutually agreed upon at the time by FDS Bank and GE Bank with the intent of supporting achievement of the Target Percentages then in effect in a manner consistent with equitable distribution across Macy's markets that ensures portfolio risk and performance distribution for GE Bank that is no worse than for FDS Bank (subject to differences in the Credit and Collection Policy applicable to only the GE/Macy's Accounts or the FDS/Macy's Accounts pursuant to the provisions of Section 4.4). Each Retailer agrees that it shall not, directly or indirectly, take any action that conflicts with, or is inconsistent with, the account sharing methodology set forth in this Section 2.2 and each Retailer agrees that it will comply with and take all reasonable efforts to effect (and will take all reasonable steps to assure that each of their employees and agents will comply with and take all reasonable efforts to effect) the provisions of this Section 2.2, including, without limitation, Section 2.2(b).

(a) Ownership of Accounts. The parties intend to develop and install systems that would be capable of allocating new accounts automatically on the basis of the account ownership methodology set forth in Subsections (b), (c), (d), and (e) of this Section 2.2. Until such systems capability is implemented, the parties will work in good faith to achieve account ownership allocation in accordance with the methodology set forth herein by placing GE Bank or FDS Bank application forms in designated Macy's Stores as described below or by assignment of pre-screens or other appropriate methods, which may be modified from time to time by agreement of the parties to obtain the desired results. Subject to the further provisions of this Section 2.2, (i) all Newly Opened Macy's Accounts which are either opened at, or with an application from, a Converted Store or a former A&S store, shall be FDS/Macy's Accounts owned by FDS Bank or another Affiliate of FDS and credit with respect thereto shall be provided by FDS Bank and (ii) all other Newly Opened Macy's Accounts shall be GE/Macy's Accounts owned by GE Capital or GE Bank and credit with respect thereto shall be provided by GE Capital and/or GE Bank. Applications for FDS/Macy's Accounts will be provided only in (i) former A&S stores and (ii) Converted Stores and applications for GE/Macy's Accounts will be provided in all other Macy's Stores. FDS and GE Bank agree that when opening new Macy's Accounts they will use the account lookup file or credit bureau subscriber codes to seek to avoid opening any duplicate Macy's Accounts.

(b) Adjustments to Account Ownership. The parties recognize that FDS is in the process of converting certain stores to the Macy's Tradename and that FDS may, in the future, convert other stores to the Macy's Tradename and/or open newly built stores using the Macy's Tradename. The parties have agreed on a mechanism, set forth below, to allocate new Macy's Accounts between the parties by providing GE Bank with the effect of credit sales changes in Comp Stores and the benefit of half of all credit sales generated by New Stores. Formulas used in the mechanism and illustrative examples of the mechanism are set forth in Exhibit A hereto. While the parties believe that this mechanism will be effective to meet the parties' intent (which intent includes the goal of achieving equitable distribution across Macy's markets that ensures portfolio risk and performance distribution for GE Bank that is no worse than for FDS Bank (subject to differences in the Credit and Collection Policy applicable to only the GE/Macy's Accounts or the FDS/Macy's Accounts pursuant to the provisions of Section 4.4)), they agree that to the extent it does not work fairly to meet such intent they will work together in good faith to develop a different or modified mechanism.

(c) Provisions Applicable to 1996. The following provisions shall be applicable with respect to each quarter of fiscal year 1996, regardless of whether any New Stores or

Acquired Stores are opened or acquired by FDS during such time:

(i) Within 15 days following the end of each fiscal quarter in 1996 (i.e., those quarters ending May 4, 1996, August 3, 1996, November 2, 1996 and February 1, 1997), the parties shall calculate as of the quarter then ended on a fiscal year-to-date basis (x) the GE Target Percentage and the FDS Target Percentage and (y) the GE Actual Percentage and the FDS Actual Percentage.

(ii) If the Target Percentages and the Actual Percentages for the year-to-date as of the fiscal quarter then ended are the same, then applications for new Macy's Accounts in the next succeeding quarter will be allocated between FDS Bank and GE Bank based on the Target Percentages so calculated.

(iii) If either party's Actual Percentage for the fiscal year-to-date period as of the end of a fiscal quarter is less than its Target Percentage for such year-to-date period as of the end of such quarter (such difference, a "Percentage Variance") then applications for new Macy's Accounts in the next succeeding fiscal quarter will be allocated between FDS Bank and GE Bank based on the New Accounts Allocation Percentages.

(d) 1997 and Thereafter. The following provisions shall be applicable with respect to fiscal year 1997 and thereafter:

(i) Subject to the provisions of Section 2.2(d)(ii), below, within 15 days following the end of each fiscal quarter commencing with the end of the first quarter of 1997, the parties will calculate as of the fiscal quarter then ended on a fiscal year-to-date basis whether, based on the Target Percentages then in effect, there was a Percentage Variance for the fiscal year-to-date as of the quarter then ended. In the event there is a Percentage Variance for any such period, applications for new Macy's Accounts in the next succeeding fiscal quarter will be allocated between FDS Bank and GE Bank based on the New Accounts Allocation Percentages.

(ii) Notwithstanding the provisions of Section 2.2(d)(i), (x) if FDS opens or acquires any New Stores or Non-Overlapping Acquired Stores during any fiscal year commencing with 1997, then the calculation of Percentage Variance for any periods in which such stores are considered New Stores or Acquired Stores in accordance with the definitions thereof shall be done based on the difference between the Actual Percentages and the Revised Target Percentages applicable to such periods and (y) if FDS opens or acquires any Overlapping Acquired Stores during any fiscal year commencing with 1997, then the calculation of Percentage Variance for any periods in which such stores are considered Acquired Stores in accordance with the definition thereof shall be done based on the difference between the Actual Percentages and the Revised Target Percentages (which shall be derived from a calculation of the FDS Revised Credit Sales Share and the GE Revised Credit Sales Share), applicable to such periods, it being agreed that for purposes of each such calculation of the FDS Revised Credit Sales Share and the GE Revised Credit Sales Share, the Target Percentages used in such calculation shall be calculated as of the date the FDS Revised Credit Sales Share and the GE Revised Credit Sales Share are being calculated. In the event there is a Percentage Variance for any such period, applications for new Macy's Accounts in the next succeeding fiscal quarter will be allocated between FDS Bank and GE Bank based on the New Accounts Allocation Percentage.

(iii) If the procedures described in Section 2.2(d)(ii) have been applied due to the opening or acquisition of a New Store or Acquired Store, then, at such time as the provisions of Section 2.2(d)(ii) are no longer applicable (i.e., because such New Stores and/or Acquired Stores cease to be treated as such in accordance with the definitions thereof) the

provisions of Section 2.2(d)(i) shall be applicable for all later periods in which no New Stores or Acquired Stores are opened or acquired, provided that the calculation of Percentage Variance required by Section 2.2(d)(i) shall be based on the Revised Target Percentages last in effect rather than the Target Percentages last in effect.

(e) General.

(i) Notwithstanding any other provision of this Agreement, but subject to Section 2.2(e)(ii), no party's Target Percentage, New Accounts Allocation Percentage or Revised Target Percentage shall ever be less than [OMISSION]% or more than [OMISSION]%.

(ii) Subject to Section 3.8(f), notwithstanding any other provision of this Agreement, the parties intend that the GE Actual Percentage for each fiscal quarter shall not be less than [OMISSION]% . However, the provisions of this Section 2.2 shall not prohibit FDS from (i) acquiring any retailer, (ii) converting such retailer or any other FDS retail division to the Macy's Tradename, and (iii) converting such retailer's non-duplicate private label accounts to FDS/Macy's Accounts, even if such conversion would cause the GE Actual Percentage to be less than [OMISSION]% , so long as if any such event causes the GE Actual Percentage for any fiscal quarter to constitute less than [OMISSION]% of Net Credit Sales for such fiscal quarter then, notwithstanding the other provisions of this Section 2.2, (A) the percentage of applications for new Macy's Accounts allocated to FDS Bank will be immediately revised to equal the GE Actual Percentage for such fiscal quarter and (B) the percentage of applications for new Macy's Accounts allocated to GE Bank will be immediately revised to equal the FDS Actual Percentage for such fiscal quarter. The allocations described in Section 2.2(e)(ii)(A) and (B) shall remain in effect until such time as the GE Actual Percentage equals or exceeds [OMISSION]% .

(iii) The parties acknowledge that future sales of Merchandise on Macy's Accounts and openings of new Macy's Accounts may occur through means not contemplated by this Agreement, including, without limitation, home shopping, pre-screen solicitations and/or through on-line account applications. In this regard, the parties agree (x) that for purposes of calculating any Comp Store Factor, all Virtual Comp Net Credit Sales shall be aggregated together and deemed to be a single Comp Store (a "Virtual Comp Store"), provided that, in determining Comp Stores, (A) such Virtual Comp Store shall not be applied to eliminate any Macy's Store from being a Comp Store and (B) such Virtual Comp Store shall not be subject to elimination as a Comp Store, and (y) that applications for new Macy's Accounts which are made available to customers other than at a store (e.g., pursuant to telephone solicitations, pre-screen solicitations or on-line services) shall be allocated between FDS Bank and GE Bank in the same manner as applications are otherwise required to be allocated between the parties pursuant to the terms of this Section 2.2.

2.3. Conversion of Jordan Marsh, Bullock's, Broadway, Weinstock's and Emporium Stores.

(a) Account Utility. FDS agrees that from the date that any of its Jordan Marsh, Bullock's, Broadway, Weinstock's or Emporium stores is converted to the Macy's Tradename, such stores (each, a "Converted Store") will accept Macy's private label credit cards, whether such cards relate to a GE/Macy's Account or an FDS/Macy's Account. FDS agrees that from the date that any of its other stores is converted to the Macy's Tradename, such stores will accept Macy's private label credit cards, whether such cards relate to a GE/Macy's Account or an FDS/Macy's Account. Notwithstanding the foregoing, the parties agree that (i) certain stores which convert to the Macy's Tradename may not have the capability of accepting Macy's private

label credit cards, whether such cards relate to a GE/Macy's Account or an FDS/Macy's Account, immediately following such conversion and (ii) in such event, such converted stores may be operated under the Macy's Tradename without accepting Macy's private label credit cards, provided that (x) such arrangement does not continue for a period exceeding six months following the conversion of such store, and (y) pre-existing private label credit cards of the converted store, if any, are not accepted in any other Macy's Store following the conversion of such store.

(b) Account Conversion/Duplicate Accounts.

(i) If as of the JM Determination Date (as defined on Schedule 2.3(b) hereto), a holder of a Jordan Marsh private label credit card account does not also hold a GE/Macy's Account, such holder's account (or accounts) shall be converted into an FDS/Macy's Account. If as of the Broadway Determination Date (as defined on Schedule 2.3(b) hereto), a holder of a Broadway, Weinstock's or Emporium private label credit card account does not also hold a GE/Macy's Account, such holder's account (or accounts) shall be converted into an FDS/Macy's Account.

(ii) If as of the applicable Determination Date, a holder of a Converted Store private label credit card account also holds a GE/Macy's Account, then such duplicate accounts shall be treated as described in Schedule 2.3(b) hereto.

2.4. A&S Accounts.

All A&S private label credit card accounts have been treated as follows:

(a) A&S private label accounts ("A&S Accounts") held between February 16, 1994 and February 16, 1995 by persons who did not hold a GE/Macy's Account during such period have been installed on and converted over to GE Capital's system. Holders of certain of these accounts were identified by FDS Bank and such holders received from FDS Bank a new FDS/Macy's Credit Card. All ownership interests in these converted A&S Accounts are vested in FDS Bank. The holders of the remaining A&S Accounts described in this Section 2.4(a) did not receive new credit cards and such accounts were installed on and converted over to GE Capital's systems solely for collection of the remaining unpaid balances. All ownership interests in these accounts are vested in FDS Bank.

(b) All A&S Accounts held between February 16, 1994 and February 16, 1995 by persons who were identified as holders of an active GE/Macy's Account during such period have been installed on and converted over to GE Capital's system solely for the purpose of collecting the remaining unpaid balances. All ownership interests in these A&S Accounts are vested in FDS Bank. All ownership interests in the active GE/Macy's Accounts have continued to vest in GE Bank.

(c) All A&S Accounts held between February 16, 1994 and February 16, 1995 by persons who were identified as holders of an inactive GE/Macy's Account during such period have been installed on and converted over to GE Capital's system. Holders of certain of these accounts were identified by FDS Bank and such holders received from FDS Bank a new FDS/Macy's Credit Card. The ownership interests in the converted A&S Accounts are vested in FDS Bank. All ownership interests in the inactive GE/Macy's Accounts have continued to vest in GE Bank. The remaining holders of the A&S Accounts described in this Section 2.4(c) did not receive new credit cards and such accounts were installed on and converted over to GE Capital's system solely for collection of the remaining unpaid balances. All ownership interests in these A&S Accounts are vested in FDS Bank.

(d) All A&S Accounts have been transferred to FACS's credit system and none are now serviced by GE Bank's credit system.

2.5. GE/Macy's Credit Cards; GE/Macy's Account Documentation

. All GE/Macy's Credit Cards and FDS/Macy's Credit Cards shall be in the design and format jointly established by FDS and GE Bank and shall include the Macy's Tradename. All GE/Macy's Credit Cards issued after the date hereof shall also include, on the back of the GE/Macy's Credit Card, in no greater than six point print, the following language: "This card is issued and credit is extended by GE Capital Consumer Card Co. in Cincinnati, Ohio. This card is subject to surrender upon request. If found, this card should be returned to [INSERT ADDRESS DESIGNATED BY GE BANK]." Except as provided in this Section 2.5, the GE/Macy's Credit Cards and the FDS/Macy's Credit Cards shall be identical. All GE/Macy's Credit Card Documentation shall also indicate that credit under the applicable GE/Macy's Account is extended by GE Bank, provided that charge slips, credit slips and receipts for payment shall only be required to include such language regarding the extension of credit as is determined by the Policy Committee. GE/Macy's Credit Cards and FDS/Macy's Credit Cards may only be accepted for the Sale of Merchandise under the Macy's Tradename. GE Bank agrees that if (i) FDS purchases the GE/Macy's Accounts following termination of this Agreement, (ii) any of the GE/Macy's Credit Cards have the foregoing identification language printed on them and (iii) following such purchase FDS is required by Law to reissue such GE/Macy's Credit Cards solely because such identification language appears on the back of the cards, then GE Bank, at its option, shall either (A) have such GE/Macy's Credit Cards reissued at GE Bank's cost or (B) pay, or reimburse FDS for, up to \$[OMISSION] of FDS's actual documented out-of-pocket costs and expenses incurred to reissue such GE/Macy's Credit Cards.

ARTICLE

III.

ADMINISTRATION AND SETTLEMENT PROCEDURES

3.1. Remittances

. (a) On each Business Day during the term of this Agreement (beginning on the first Business Day after the date hereof), each Division shall transmit or otherwise make available to GE Bank, not later than 11:00 a.m. Eastern Time on such Business Day, all Charge Data originated by such Division on the immediately preceding Transaction Day(s). On each Business Day during the term of this Agreement (beginning on the first Business Day after the date hereof), with respect to each Division from which GE Bank has received, or had access to, Charge Data by 11:00 a.m. Eastern Time on such Business Day, GE Bank shall initiate a wire transfer (each such transfer a "Remittance") to such Division of an amount equal to the following: (i) the sum of (A) the excess of the aggregate GE/Macy's Credit Card sales reported in the Charge Data transmitted, or made available, by such Division to GE Bank by 11:00 a.m. Eastern Time on such Business Day over the aggregate amount of GE/Macy's Credit Slips and other credit adjustments on GE/Macy's Account Balances reported in such Charge Data (the "Transaction Amount"), and (B) any other amounts required or permitted to be added to a Remittance pursuant to the terms of this Agreement, minus (ii) the sum of (A) the product of (1) such Transaction Amount and (2) the Bank Service Discount in effect on such Business Day, provided that the provisions of this clause (A) shall only be operative between the date hereof and the earlier of February 1, 1997 and the date that the provisions of Sections 5.2 through 5.6 become operative, (B) the aggregate amount of In-Store Payments reported in such Charge Data, (C) any other amounts required or permitted to be deducted from a Remittance pursuant to the terms of this Agreement and (D) any previously made Remittance or Estimated Remittance with respect to the Charge Data being transmitted. Each Remittance shall be calculated with respect to each Division for each Business Day during the term of this Agreement pursuant to a settlement statement in the form of Schedule 3.1 hereto (a "Daily Settlement

Statement"). The parties acknowledge that GE Bank will not have final information at the time the Remittance with respect to each Division on each Business Day is calculated, and that each Remittance will therefore be a preliminary estimate of the actual amount that should be remitted to such Division on such Business Day. Accordingly, each Remittance shall be subject to further adjustment to the extent that final credit sales adjustments for Transaction Day(s) with respect to which a Remittance has previously been made (a "Prior Remittance") indicates that the Prior Remittance was overstated or understated.

(b) On each Business Day during the term of this Agreement (beginning on the first Business Day after the date hereof), with respect to each Division that, after taking reasonable precautions, as a result of circumstances beyond the control of the FDS Companies (e.g., computer or telecommunication breakdown), failed to transmit or otherwise make available Charge Data to GE Bank by 11:00 a.m. Eastern Time on such Business Day, GE Bank shall initiate a wire transfer (each such transfer, an "Estimated Remittance") of GE Bank's good faith estimate of the amount that should be transferred to such Division on such Business Day. GE Bank's good faith estimate shall be based on FDS's then most recent projections of GE Net Credit Sales and shall take into account, among other things, holidays and seasonal and other sales fluctuations. Notwithstanding the foregoing, GE Bank shall have no obligation to make an Estimated Remittance on more than five consecutive Business Days.

(c) On each Business Day during the term of this Agreement, GE Bank shall, at the direction of the Divisions, satisfy its obligations under Section 3.1(a) and/or Section 3.1(b) by initiating a wire transfer (each such transfer, an "Aggregate Remittance") to a single account designated by, and in the name of, all of the Divisions and as to which all of the Divisions are account parties, for the account of each Division, of an amount equal to the aggregate amount of Remittances (or, if applicable, the Estimated Remittances) payable by GE Bank on such Business Day; provided that in such case GE Bank shall provide FDS with a Daily Settlement Statement with respect to each Division on such Business Day. Each Division may, at any time during the term of this Agreement, require GE Bank to satisfy its Remittance obligation to such Division by initiating a wire transfer to any account designated by, and solely in the name of, such Division.

(d) All Remittances made pursuant to this Section 3.1 shall be initiated by GE Bank not later than 2:00 p.m. Eastern Time on the applicable Business Day. If on any Business Day during the term of this Agreement the Charge Data applicable to such Business Day would require a negative Remittance, then (x) GE Bank shall have no Remittance obligation with respect to any Division on such Business Day and (y) FDS, on behalf of the Divisions, shall pay GE Bank the amount indicated on such Charge Data by the close of business on such Business Day.

(e) In the event that the FACS Services Agreement terminates prior to the termination of this Agreement, the parties agree that they will cooperate to revise the Remittance procedures of this Section 3.1 to reflect any systems changes effected as a result of the termination of the FACS Services Agreement and that such revised Remittance procedures shall be based on the provisions hereof.

3.2. [Reserved]

3.3. [Reserved]

3.4. Monthly Settlements

. [OMISSION].

3.5. GE Bank's Right to Chargeback

. (a) GE Bank and the FDS Companies acknowledge and agree that general guidelines with respect to GE Bank's chargeback rights are set forth in this Section 3.5. These guidelines are subject to additional details and procedures which may be agreed to by the parties from time to time. In addition, the parties acknowledge that as of the date hereof, FACS will be providing certain credit services to GE Bank, and that such services will include responsibility for chargebacks. The parties therefore agree that notwithstanding the provisions of this Section 3.5, GE Bank's rights to chargeback shall not be limited or prejudiced by any act or omission of FACS or any of its agents relating to their chargeback responsibilities.

(b) When any GE/Macy's Receivable included in Charge Data remitted against by GE Bank pursuant to this Agreement becomes an Eligible Chargeback GE/Macy's Receivable (as hereafter defined), GE Bank shall have the right, subject to the terms hereof, to charge back to the applicable FDS Company an amount equal to the Face Amount (less prior adjustments with respect thereto) of such GE/Macy's Receivable. The following are "Eligible Chargeback GE/Macy's Receivables," to the extent set forth in Section 3.5(c) hereof: (i) Merchandise Adjustments, (ii) Missing Media, (iii) Unidentifiable Media, (iv) Fraudulent Charges, (v) Misrepresented GE/Macy's Receivables, and (vi) Previously Paid GE/Macy's Receivables.

(c) The following conditions and procedures are to be used for determining Eligible Chargeback GE/Macy's Receivables:

(i) Merchandise Adjustments. Requests received by GE Bank from GE/Macy's Account Debtors for adjustment ("Merchandise Adjustments") will be promptly communicated by GE Bank directly to the applicable Division. GE Bank shall honor the FDS Companies' customer service policies and determinations in respect of Merchandise Adjustments. Merchandise Adjustment requests that are not frivolous and that are not resolved by the applicable Division within 120 days (or such later date as GE Bank has agreed to) after the date such request was communicated to the applicable Division may be charged back by GE Bank to the applicable Division unless an additional period of time is agreed to by the applicable Division and GE Bank. GE Bank may also charge back the GE/Macy's Receivable to the applicable Division if such notice states that the Division believes the dispute should be resolved in the customer's favor. Notwithstanding the foregoing, in no event may GE Bank charge back to any Division any GE/Macy's Receivable described in this Section 3.5(c)(i) later than 45 days after the expiration of the foregoing 120-day or longer period.

(ii) Missing Media. Requests received by GE Bank from GE/Macy's Account Debtors for supporting media will be promptly communicated by GE Bank directly to the applicable Division. Such Division shall be responsible for providing GE Bank with a legible copy of the requested media within 30 days after receipt of the request. GE/Macy's Receivables represented by media not provided within such 30-day period ("Missing Media") may be charged back by GE Bank to the applicable Division. Such Division has 40 days after the chargeback to locate the media and reverse the chargeback, whereupon such Eligible Chargeback GE/Macy's Receivable shall again become a GE/Macy's Receivable eligible for inclusion in Charge Data. Notwithstanding the foregoing, in no event may GE Bank charge back any GE/Macy's Receivable described in this Section 3.5(c)(ii) later than 45 days after the date on which GE Bank received the request for supporting media from the GE/Macy's Account Debtor and in no event more than 180 days after the date the credit sale occurred.

(iii) Unidentifiable Media. "Unidentifiable Media" are media that do not have a valid account number or that have any other characteristic that prevents GE Bank from properly posting such media to a GE/Macy's Account. GE

Bank and the applicable Division shall work together to try to resolve any Unidentifiable Media problems during the 30-day period following the time at which such Unidentifiable Media is recognized by GE Bank as such. If GE Bank and the applicable Division are unable to resolve such problems during such 30-day period, GE Bank has the right to charge back any GE/Macy's Receivable relating to such Unidentifiable Media to the applicable Division. Such Division has 40 days (or such longer period of time as the parties agree) after the date of any chargeback pursuant to this Section 3.5(c)(iii) to complete additional research and, if successful, reverse the chargeback, whereupon such Eligible Chargeback GE/Macy's Receivable shall again become a GE/Macy's Receivable eligible for inclusion in Charge Data. Notwithstanding the foregoing, in no event may GE Bank charge back any GE/Macy's Receivable because of Unidentifiable Media later than 45 days after the date such Unidentifiable Media is recognized by GE Bank as such. Any In-Store Payments that have been deducted in determining Remittances as to which GE Bank is unable to identify the GE/Macy's Account to which such payment should be credited shall be reversed.

(iv) Fraudulent Charges. GE Bank may charge back (or, at its election, reduce the FACS Servicing Fee in connection with) any GE/Macy's Receivable which resulted from any fraud of a customer at the point-of-sale or any GE/Macy's Receivable incurred pursuant to a GE/Macy's Account that was created pursuant to a fraudulent GE/Macy's Credit Card Application unless FDS can demonstrate that the applicable FDS Company followed all applicable account origination and customer identification procedures specified in the Credit and Collection Policy (collectively, "Fraudulent Charges"). GE Bank will use commercially reasonable efforts to obtain fraud questionnaires in connection with all Fraudulent Charges. GE Bank may charge back any GE/Macy's Receivable described in this Section 3.5(c)(iv) to the applicable Division at any time within 60 days after the date on which GE Bank receives a signed fraud questionnaire from the relevant GE/Macy's Account Debtor or, if circumstances are such that a fraud questionnaire cannot be obtained because of GE Bank inability to locate the GE/Macy's Account Debtor, within 60 days after the date on which GE Bank discovers the applicable fraud, provided that, in the event the applicable fraud is the subject of an ongoing investigation pursuant to United States federal Law, such 60-day period shall be extended by mutual agreement of the parties. GE Bank and FDS agree that no GE/Macy's Receivable may be charged back to any Division pursuant to this Section 3.5(c)(iv) if such GE/Macy's Receivable arose in connection with fraudulent actions taken by any employee of GE Bank or any Affiliate of GE Bank (provided that the FDS Companies and their Affiliates shall not be deemed Affiliates of GE Bank) in connection with performing their duties pursuant to the Program, including servicing the GE/Macy's Accounts and the GE/Macy's Receivables pursuant to the FACS Services Agreement.

(v) Misrepresented GE/Macy's Receivables. GE Bank may charge back any GE/Macy's Receivable with respect to which the representations and warranties set forth in Section 6.10 are not true and correct as and when made ("Misrepresented GE/Macy's Receivables"). Notwithstanding the foregoing, in no event may GE Bank charge back to the applicable Division any GE/Macy's Receivable described in this Section 3.5(c)(v) later than 45 days after the date on which GE Bank discovers such breach.

(vi) Previously Paid GE/Macy's Receivables. GE Bank may charge back any GE/Macy's Receivable which has been included in the Charge Data previously and in respect of which GE Bank has made a Remittance ("Previously Paid GE/Macy's Receivables").

(d) (i) Prior to the time GE Bank exercises its right of chargeback with respect to any GE/Macy's Receivable, GE Bank shall, in a manner consistent with the Credit and Collection Policy, use reasonable commercial efforts to collect such

GE/Macy's Receivable from the relevant GE/Macy's Account Debtor to the extent permitted by applicable Law. Effective immediately upon GE Bank's exercise of its right of chargeback with respect to any GE/Macy's Receivable, (x) GE Bank shall assign to FDS all of its right, title and interest in and to such GE/Macy's Receivable, free and clear of any and all Liens created by GE Bank, but without recourse and without any other warranty, express or implied, and the ownership interest of GE Bank in such GE/Macy's Receivable shall be terminated and (y) any payments received by GE Bank in respect of such GE/Macy's Receivable shall be promptly forwarded by GE Bank to FDS.

(ii) Notwithstanding any other provision of this Agreement to the contrary, no GE/Macy's Receivable shall become an Eligible Chargeback GE/Macy's Receivable until after (A) the time period for the applicable Division response to the chargeback request with respect to such GE/Macy's Receivable has elapsed and (B) GE Bank has completed its research as to the validity of and documentation for such chargeback. In no event shall GE Bank charge back any GE/Macy's Receivable based solely upon the failure of the relevant GE/Macy's Account Debtor to make scheduled payments on his GE/Macy's Account.

(e) If GE Bank exercises its right of chargeback with respect to any GE/Macy's Receivable, GE Bank shall provide the applicable Division with the following information, if available, regarding such GE/Macy's Receivable: the GE/Macy's Account Debtor's name, address and telephone number; the GE/Macy's Account number; the location of the store in which such GE/Macy's Receivable arose; the Face Amount of such GE/Macy's Receivable; the reason for the chargeback; the date such GE/Macy's Receivable arose and the relevant transaction number.

3.6. Returns of Merchandise

. (a) A GE/Macy's Account Debtor or Authorized User that returns Merchandise purchased on credit pursuant to a GE/Macy's Account shall, if the Retailer accepts the return, be issued a GE/Macy's Credit Slip by the applicable Retailer, and the applicable Retailer shall not knowingly or willingly return cash to such Person and shall use commercially reasonable efforts not to return cash to such Person. With respect to each Division, on each Business Day during the term of this Agreement, the aggregate amount of GE/Macy's Credit Slips with respect to such Division shall be deducted in computing the Remittance (or, if applicable, the Estimated Remittance) for such Division, as provided in Section 3.1(a) hereof.

(b) In no event shall any FDS Company have any obligation to repossess or dispose of Merchandise in connection with the collection of GE/Macy's Receivables. GE Bank shall be entitled to repossess or dispose of Merchandise in connection with the collection of GE/Macy's Receivables (other than with respect to GE/Macy's Receivables assigned to FDS pursuant to Section 3.5(d)(i) or purchased by FDS Bank pursuant to Section 11.6) to the extent permitted under the Credit and Collection Policy.

3.7. In-Store Payments

. (a) The FDS Companies shall have the right to accept In-Store Payments with respect to GE/Macy's Accounts only so long as the FDS Companies are accepting in-store payments with respect to FDS/Macy's Accounts on similar terms and conditions. Notwithstanding the foregoing, the Retailers shall not advertise or otherwise generally promote the fact that GE/Macy's Account Debtors (or other Persons acting on behalf of GE/Macy's Account Debtors) may make In-Store Payments. At the time that any In-Store Payment is made, the FDS Companies shall give the Person making such In-Store Payment a receipt which will comply with applicable Law and, upon reasonable prior notice by GE Bank, state that "In-store payments are accepted by Federated Department Stores, Inc. as a convenience for account holders and

are not deemed received or accepted by the creditor until actually received by such creditor." The FDS Companies shall have no right, title or interest in any In-Store Payments, and shall take possession of such funds solely as agent on behalf of GE/Macy's Account Debtors for transfer to GE Bank. In those cases where receipts for In-Store Payments are not provided, the FDS Companies and GE Bank shall cooperate in designing and implementing a procedure for providing notification similar to the foregoing to customers who make In-Store Payments.

(b) With respect to each Division, on each Business Day during the term of this Agreement, the aggregate amount of In-Store Payments with respect to such Division shall be deducted in computing the Remittance for such Division, as provided in Section 3.1(a) hereof.

3.8. Maximum Cardholder Credit Amount.

(a) The "Maximum Cardholder Credit Amount" with respect to the GE/Macy's Accounts means \$[OMISSION] or such greater amount as may be determined pursuant to the provisions of this Section 3.8.

(b) At the beginning of each fiscal year during the Program, FDS shall deliver to GE Bank a report setting forth in reasonable detail FDS's projected Net Credit Sales on a month-by-month basis for each of the next two years, the "Two-Year Sales Projection"). Promptly following the end of the second quarter of each such fiscal year, FDS shall deliver to GE Bank a report updating the then current Two-Year Sales Projection.

(c) GE Bank shall deliver to FDS, within 30 Business Days after its receipt of each Two-Year Sales Projection, a written report setting forth in reasonable detail GE Bank's estimate, based on the Two-Year Sales Projection, of the projected GE/Macy's Gross Receivables at the end of each fiscal month during the two-year period covered by such Two-Year Sales Projection (the "Projected Receivables Balance Statement"). If FDS does not deliver to GE Bank within five Business Days after its receipt of a Projected Receivables Balance Statement, a written objection to such statement, the Projected Receivables Balance Statement shall be deemed to have been accepted by FDS and shall be final and binding on the parties for purposes of this Section 3.8. If FDS delivers to GE Bank within five Business Days after its receipt of a Projected Receivables Balance Statement, a written objection to such statement, FDS and GE Bank shall work together for a period of 10 Business Days after GE Bank's receipt of such objection to attempt to reach agreement on the Projected Receivables Balance Statement. If FDS and GE Bank are unable to agree on the Projected Receivables Balance Statement within such 10 Business Day period, the dispute will be resolved pursuant to Section 9.9. Each Projected Receivables Balance Statement, as either agreed to (or deemed agreed to) by FDS and GE Bank or finalized pursuant to Section 9.9, shall be referred to as a "Final Projected Receivables Balance Statement".

(d) If (i) the Final Projected Receivables Balance Statement indicates that the GE/Macy's Gross Receivables at the end of any month during the two-year period covered by the Two-Year Sales Projection will be equal to or greater than 90% of the Maximum Cardholder Credit Amount or (ii) the GE/Macy's Gross Receivables at any time during the term of this Agreement are actually equal to or greater than 90% of the Maximum Cardholder Credit Amount, then GE Bank shall deliver written notice to FDS (the "Maximum Amount Notice") not later than 60 days after the occurrence of the earliest of the events described in clause (i) or (ii) above, stating either that GE Bank will (x) permanently increase the Maximum Cardholder Credit Amount (and specifying the increased Maximum Cardholder Credit Amount and the date on which it will be effective) or (y) not increase the Maximum Cardholder Credit Amount.

(e) In the event that GE Bank elects to increase the Maximum Cardholder Credit Amount, the Maximum Cardholder Credit Amount shall, effective as of the date specified by GE Bank in the Maximum Amount Notice, be automatically increased to the amount set forth on the Maximum Amount Notice, provided that such revised Maximum Cardholder Credit Amount shall in no event be less than 111% of the maximum projected GE/Macy's Gross Receivables contained in the Final Projected Receivables Balance Statement or the then actual GE/Macy's Gross Receivables, as the case may be.

(f) In the event that GE Bank elects not to increase the Maximum Cardholder Credit Amount, FDS and GE Bank shall work together, in good faith for a period of 60 days after GE Bank has delivered the Maximum Amount Notice, to agree upon a mutually acceptable means of reducing the maximum projected GE/Macy's Gross Receivables for the relevant two-year period below 90% of the Maximum Cardholder Credit Amount (the "Maximum Cardholder Credit Solution"). A Maximum Cardholder Credit Solution may include, without limitation, securitizing the GE/Macy's Receivables, or any other mutually acceptable means through which a Maximum Cardholder Credit Solution may be achieved other than by limiting the authorized credit amount under any then existing GE/Macy's Accounts. If GE Bank and FDS have worked together in good faith to reach a mutually agreeable Maximum Cardholder Credit Solution for a period of 60 days after GE Bank has delivered the Maximum Amount Notice but have failed to do so (i) all Macy's Accounts opened after such 60 day period shall be FDS/Macy's Accounts until such time, if any, as GE/Macy's Gross Receivables are less than 90% of the Maximum Cardholder Credit Amount and (ii) GE Bank may take any action with respect to GE/Macy's Accounts, other than limiting the authorized credit amount as permitted under the Credit and Collection Policy under any then existing GE/Macy's Accounts, that GE Bank may consider necessary to avoid having the GE/Macy's Gross Receivables exceed the Maximum Cardholder Credit Amount, including, but not limited to, ceasing to open new GE/Macy's Accounts.

3.9. Ownership of GE/Macy's Accounts and GE/Macy's Receivables.

(a) All transactions and borrowings in connection with the GE/Macy's Accounts and the GE/Macy's Receivables shall create the relationship of debtor and creditor between each GE/Macy's Account Debtor and GE Bank, respectively, and GE Bank shall be the owner of all the GE/Macy's Accounts and the GE/Macy's Receivables and, except as otherwise specifically provided herein, shall have all rights, powers, and privileges with respect thereto as such owner, including, without limitation, the right at any and all times to receive directly payments on GE/Macy's Accounts from GE/Macy's Account Debtors. In this regard, GE Bank shall bear all risks of collections of GE/Macy's Receivables other than with respect to Eligible Chargeback GE/Macy's Receivables. Each FDS Company acknowledges and agrees that it has no right, title or interest in or to (i) any of the GE/Macy's Accounts or the GE/Macy's Receivables, or (ii) any payments made by GE/Macy's Account Debtors with respect to the GE/Macy's Accounts or the GE/Macy's Receivables.

(b) GE Bank and the FDS Companies acknowledge that under the Program GE Bank extends credit directly to GE/Macy's Account Debtors. However, in the unlikely event it were ever to be determined by a final order of a court of competent jurisdiction that FDS (or the FDS Companies) is deemed to be extending credit directly to GE/Macy's Account Debtors, the FDS Companies and GE Bank acknowledge and agree that GE Bank shall be deemed to be purchasing the receivables created by such arrangements and that GE Bank's remittances pursuant to this Agreement shall be deemed to be payment for the purchase of such receivables and GE Bank shall be deemed to have purchased such receivables effective when GE Bank incurred the obligation to make payment therefor. In this regard, GE Bank and the FDS

Companies agree that, on or before the date of this Agreement, and thereafter from time to time, they will execute and file such financing statements under the UCC as would be necessary and appropriate to protect GE Bank's interest to the same extent as if GE Bank was purchasing such receivables.

3.10. Ownership of FDS/Macy's Accounts and Related Receivables

. FDS Bank shall be the owner of all the FDS/Macy's Accounts and the receivables relating thereto and, except as otherwise specifically provided herein, shall have all rights, powers, and privileges with respect thereto as such owner, including without limitation, the right at any and all times to receive directly payments on FDS/Macy's Accounts. GE Bank acknowledges and agrees that it has no right, title or interest in or to (i) any of the FDS/Macy's Accounts or FDS/Macy's Receivables or (ii) any payments made by account holders with respect to FDS/Macy's Accounts.

3.11. Receipt of Payments

. (a) The primary and exclusive right to receive payments from GE/Macy's Account Debtors with respect to GE/Macy's Receivables shall be vested in GE Bank. In this regard, GE Bank shall be entitled to retain for its account all finance charges, returned check fees, late fees and any other fees and other income collected, if any, with respect to the GE/Macy's Accounts and the GE/Macy's Receivables.

(b) The primary and exclusive right to effect collection of FDS/Macy's Receivables shall be vested in FDS Bank. In this regard, FDS Bank shall be entitled to retain for its account all finance charges, returned check fees, late fees and any other fees and other income collected, if any, with respect to the FDS/Macy's Receivables.

ARTICLE IV.

OPERATING PROCEDURES

4.1. GE Bank's Responsibilities

. (a) GE Bank, either itself or through designees (subject to the provisions of Section 4.11), shall operate (except as may otherwise be explicitly provided herein) all credit operations and facilities with respect to the GE/Macy's Accounts. All such operations shall be conducted in a high quality, ethical manner, in such a way as not to disparage or embarrass the Retailers or their name, and with a level of service to GE/Macy's Account Debtors and Retailers that is not less than the level of service provided to GE/Macy's Account Debtors by GE Bank prior to the date hereof. GE Bank's responsibilities shall include, without limitation, providing the following services during the term of this Agreement: (i) marketing and credit promotions, (ii) account approval and set-up, (iii) purchase authorizations, (iv) customer service, (v) systems services, (vi) billing statement processing and mailing, (vii) credit card processing and mailing, (viii) payment processing and (ix) collections. After due consideration, GE Bank has identified GE Capital and FACS as appropriate designees to perform certain services hereunder and GE Bank shall, in order to assure continued compliance with safety and soundness and related regulatory requirements applicable to GE Bank, regularly monitor the performance by GE Capital and/or FACS of any such services. The parties acknowledge that as of the date hereof GE Bank has retained GE Capital and FACS to perform certain of GE Bank's credit service responsibilities hereunder other than collections (the "Collection Services"). The terms and conditions applicable to the performance by GE Bank of Collection Services are set forth on Annex I hereto.

(b) Provided GE Bank complies with the provisions of this Agreement and with applicable Law, the rejection of any GE/Macy's Credit Card Application, for any reason whatsoever, shall not give rise to any claim, liability, demand, offset, defense, or counterclaim by any Retailers against GE Bank or its Affiliates.

4.2. Retailers' Responsibilities

(a) Retailers, jointly and severally, in accordance with the terms and conditions hereof (including, without limitation, Article II hereof), shall perform all in-store credit services, including services in Retailers' stores that generate GE/Macy's Accounts, in a high quality, ethical manner, in such a way as not to disparage or embarrass GE Bank or its name, and with a level of service which is not less than that which is currently provided by Retailers to GE/Macy's Account Debtors and Authorized Users, in order to encourage the creation of Macy's Accounts and encourage and facilitate the use of Macy's Accounts by Macy's Account holders and Authorized Users in accordance with GE Bank's and Retailers' operating procedures as agreed to by the parties from time to time and in accordance with the provisions of this Agreement and the Credit and Collection Policy. Such services shall include, without limitation, the following in-store activities:

(i) promoting, subject to Section 4.5, and accepting Macy's Credit Card Applications, and communicating credit information about prospective Macy's Account holders through electronic means.

(ii) Forwarding requests for changes of address for GE/Macy's Account Debtors or adjustments from GE/Macy's Account Debtors and promptly forwarding all such information.

(iii) Obtaining electronic credit authorization which authorization shall be obtained by a Retailer through on-line systems or dial-up terminals prior to such Retailer's creation of any GE/Macy's Receivable; provided, however, that in the event of down-time, a Retailer may (A) permit a GE/Macy's Account Debtor to make a purchase in an amount equal to or less than the applicable floor limit established from time to time and (B) permit a GE/Macy's Account Debtor to make a purchase in an amount greater than such floor limit upon receipt of telephonic approval from GE Bank or its designee.

(iv) Utilizing only GE/Macy's Credit Card Documentation in the form approved by GE Bank from time to time (other than charge, credit and payment receipts).

(v) Assisting GE/Macy's Account Debtors in communication with GE Bank through a toll free telephone number maintained at a facility in Retailers' retail stores, which shall include providing and maintaining existing types of telecommunication equipment (but not the toll free number) in the retail stores.

(vi) Managing in-store hostess programs, if any, to solicit applications for Macy's Accounts.

(vii) Providing special services, if any, to "preferred" Macy's credit card customers.

(viii) Training and employing sufficient personnel to promote the creation and use of Macy's Accounts and perform the duties of Retailers hereunder.

(ix) Continuing to offer assistance to customers requesting applications for Macy's Accounts and resolution of credit-related problems.

(x) Displaying promotional material related

to Macy's Accounts prominently in appropriate areas of retail stores attractive to, and frequented by, customers of Retailers as determined in the Retailer's reasonable discretion.

(xi) Providing all Macy's charge slips and credit slips for use in the Program.

(xii) Promptly advising GE Bank of any material Litigation (A) concerning Retailers' responsibilities under this Agreement, or (B) which may adversely affect the GE/Macy's Accounts, the GE/Macy's Receivables or the Program.

(xiii) Obtaining proper identification consistent with the Credit and Collection Policy.

(xiv) Obtaining the account number where a GE/Macy's Account Debtor does not have his or her GE/Macy's Credit Card.

(b) Each Retailer shall use commercially reasonable efforts promptly to furnish to, or inform GE Bank of, all material information received by such Retailer relating to the collectibility of a GE/Macy's Account, any changes of address of GE/Macy's Account Debtors, and notices of filings under the Bankruptcy Code with respect to GE/Macy's Account Debtors.

(c) Retailers shall keep GE/Macy's Charge Slips, GE/Macy's Credit Slips, and all other GE/Macy's Account Documentation and/or copies thereof which originally come into Retailers' possession in accordance with the terms and conditions of the Credit and Collection Policy. Retailers shall keep all such originals or copies of GE/Macy's Credit Slips, GE/Macy's Charge Slips and other GE/Macy's Account Documentation free and clear of any Liens (other than Liens in favor of GE Bank). Retailers, jointly and severally, shall make sufficient arrangements with respect to such GE/Macy's Charge Slips, GE/Macy's Credit Slips and other GE/Macy's Account Documentation so that Retailers shall be able to deliver such items to GE Bank within 30 days after GE Bank's request therefor (or such shorter period of time as may be required by any Governmental Authority).

(d) Provided Retailers comply with the provisions of this Agreement and with applicable Law, the rejection of any GE/Macy's Credit Card Application, for any reason whatsoever, shall not give rise to any claim, liability, demand, offset, defense, or counterclaim by GE Bank against any Retailers, except to the extent based on in-store acts or omissions of Retailers not expressly permitted by the Credit and Collection Policy.

4.3. Policy Committee

(a) As promptly as practicable after the date hereof, FDS and GE Bank shall organize a policy committee (the "Policy Committee") which shall consist of four members. The members of the Policy Committee shall be: the Authorized GE Person, the GE Designee, the Authorized FDS Person, and the Chief Financial Officer of FDS. If the Authorized GE Person and/or the GE Designee cannot attend a meeting of the Policy Committee, GE Bank shall be entitled to send other representative(s) to such meeting. If the Authorized FDS Person and/or the Chief Financial Officer of FDS cannot attend a meeting of the Policy Committee, FDS shall be entitled to send other representative(s) to such meeting.

(b) Two members of the Policy Committee, one of whom shall be an FDS designee and the other a GE Bank designee, present at a meeting either in person or by proxy, shall be required for a quorum for the transaction of business at any meeting of the Policy Committee, which meetings may be held in person or by means of telephonic conference call in which all parties can communicate with each other. The approval of all members of the Policy Committee present at a meeting of the Policy Committee shall constitute the act of the Policy

Committee.

(c) FDS and GE Bank shall each be permitted to call meetings of the Policy Committee at any time during the term of this Agreement by delivery of at least 10 Business Days prior written notice to the other, which notice shall be deemed waived by attendance at any such meeting by the members of the Policy Committee.

(d) The Policy Committee may designate all or a portion of its authority from time to time to FDS's and GE Bank's respective marketing, risk and collection managers. Any authority not expressly delegated by the Policy Committee shall remain with the Policy Committee.

4.4. Credit and Collection Policy

(a) The Credit and Collection Policy shall govern all aspects of the Program that are addressed therein. The parties acknowledge that notwithstanding the fact that the GE/Macy's Accounts and GE/Macy's Receivables are owned by GE Bank and that the Program is conducted by GE Bank, there may be certain changes over time to the Program which could have a substantial adverse competitive, economic or other impact on FDS, and that to protect FDS's interests as a seller of Merchandise, FDS and GE Bank have agreed that neither GE Bank, on the one hand, nor the FDS Companies on the other hand, may amend or modify any of the Major Credit and Collection Policies, or fail to follow or implement any of the Major Credit and Collection Policies, without the prior consent of the Policy Committee.

(b) Subject to the foregoing, each party may amend or modify any provision of the Credit and Collection Policy (other than the Major Credit and Collection Policies) that governs the provision or performance of any services being provided or performed by such party, provided that such party uses its commercially reasonable efforts to provide the other party with prior notice of any such amendments or modifications. FDS Bank and GE Bank agree to cause the Policy Committee to meet promptly following the end of each fiscal quarter in order to review all changes to the Credit and Collection Policy made during the preceding quarter and to update the Credit and Collection Policy to reflect all such changes.

(c) Notwithstanding the foregoing, GE Bank may, with respect to the GE/Macy's Accounts, and FDS Bank may, with respect to the FDS/Macy's Accounts, take any action or effect any modification to the Credit and Collection Policy (including to the Major Credit and Collection Policies) without the approval of the Policy Committee, but after prior consultation and discussion with the Policy Committee, which GE Bank or FDS Bank, as the case may be, believes in good faith, after consultation with counsel, are required by Law.

(d) The Credit and Collection Policy shall at all times be applicable to all GE/Macy's Accounts and FDS/Macy's Accounts without distinction, except to the extent (i) one party has required that its accounts be treated differently pursuant to Section 4.4(c) or (ii) the parties otherwise agree in writing.

4.5. Marketing Programs and Procedures.

Each party acknowledges and agrees that all credit offers, pre-screens and other account marketing programs related to Macy's Accounts (other than advertising) will be developed by FDS Bank in consultation with GE Bank with the intent of supporting achievement of the applicable Target Percentages in a manner consistent with equitable distribution across Macy's markets that ensures portfolio risk and performance distribution for GE Bank that is no worse than for FDS Bank (subject to differences in the Credit and Collection Policy applicable to only the GE/Macy's Accounts or the FDS/Macy's Accounts effected pursuant to the provisions of Section 4.4).

The final form of all such programs shall require the approval of GE Bank, provided that if GE Bank does not provide notice to FDS Bank of GE Bank's approval or disapproval, as the case may be, of any such proposed marketing program within five Business Days after the delivery of such program in its final form by FDS Bank to an Authorized GE Person, such program shall be deemed to have been approved by GE Bank. In this regard, FDS Bank agrees to apply similar resources (both economic and otherwise) to marketing GE/Macy's Accounts as it applies to marketing FDS/Macy's Accounts and to continue marketing efforts and support comparable to historical levels.

4.6. GE/Macy's Account Debtor Lists

. (a) During the term of this Agreement, GE Bank shall be entitled to utilize the list of names and addresses of the GE/Macy's Account Debtors (the "GE/Macy's Account Debtor List") solely in connection with the performance of GE Bank's obligations under this Agreement and GE Capital's performance of its obligations under the GE Capital Services Agreement and the GE Capital/GE Bank Services Agreement (including, without limitation, for purposes of effecting collections of all GE/Macy's Receivables) without prior approval of any FDS Company and GE Bank shall not utilize the GE/Macy's Account Debtor List directly or indirectly for purposes of providing (or soliciting others to provide) any other credit program or any other goods or services. During the term of this Agreement, FDS shall have the right to utilize, or permit the utilization of, the GE/Macy's Account Debtor List for any purpose at its sole discretion other than directly or indirectly providing (or soliciting others to provide) any Non-Permitted Credit Program to any Person, provided that without the prior approval of GE Bank, FDS shall not (i) use, or permit the use by any Person of, the GE/Macy's Account Debtor List for the purpose of providing credit to any Person, (ii) sell or lease the GE/Macy's Account Debtor List to any Person or entity which is in (or intends to be in) the principal business of providing credit (it being agreed by FDS that if it sells or leases the list to any Person which is in (or intends to be in) the business of providing credit but not as a principal business, such Person shall, as a condition to receiving the list, agree to be bound by the terms and conditions of this Section 4.6(a)) or (iii) use, or permit the use of, the GE/Macy's Account Debtor List for the purpose of engaging in any of the activities contemplated by the Agreement other than pursuant to the terms of the Agreement.

(b) If this Agreement is terminated for any reason and, in connection with such termination, FDS or a designee has purchased all or substantially all of the GE/Macy's Accounts and GE/Macy's Receivables as of the date of such termination, the GE/Macy's Account Debtor List shall, upon such termination, be the sole and exclusive property of FDS or the designee of FDS, as the case may be, and GE Bank shall thereafter have no right to utilize the GE/Macy's Account Debtor List for any purposes other than with respect to GE/Macy's Accounts and GE/Macy's Receivables not purchased by FDS or its designee. If, however, in such circumstances, FDS or a designee has not purchased all or substantially all of the GE/Macy's Accounts and GE/Macy's Receivables as of the date of such termination, the GE/Macy's Account Debtor List shall, upon such termination, be the sole and exclusive property of GE Bank, GE Bank shall thereafter have the right to utilize the GE/Macy's Account Debtor List for any purposes whatsoever without any compensation to the FDS Companies or any other Person, and the FDS Companies shall thereafter have no right to utilize the GE/Macy's Account Debtor List for any purposes (other than selling or promoting the sale of Merchandise in the ordinary course of their business), and may not, in such circumstances, utilize the GE/Macy's Account Debtor List in connection with directly or indirectly providing (or soliciting others to provide) any credit program to any GE/Macy's Account Debtor for a period of three years after the Agreement has been terminated.

(c) GE Bank and the FDS Companies agree that if the Agreement is terminated for any reason, and in any case the FDS Companies elect to purchase the GE/Macy's Receivables and GE/Macy's Accounts in accordance with the provisions of this Agreement and GE Bank is prohibited from conveying to FDS or a designee any GE/Macy's Accounts or GE/Macy's Receivables, under applicable Law, GE Bank shall continue for a reasonable period of time to be obligated to sell, and FDS shall continue to be obligated to purchase GE/Macy's Accounts and GE/Macy's Receivables on the terms and conditions provided in this Agreement and the FDS Companies and GE Bank shall work together in good faith for a reasonable period of time to try to remove such legal impediment and convey the effected GE/Macy's Accounts and/or GE/Macy's Receivables promptly thereafter.

4.7. Inserts and Mailers

. (a) All space available for promotional inserts and messages in each periodic billing statement sent to GE/Macy's Account Debtors shall be utilized based on the following order of priority:

(i) First, any inserts or messages that GE Bank, in its sole judgment, determines are required by Law to be included in a periodic billing statement shall be included and shall have priority over all other inserts and messages;

(ii) Second, any inserts or messages that any FDS Company is contractually required to include in a periodic billing statement pursuant to the terms of any Contract which is in effect on the date hereof shall be included;

(iii) Third, any inserts or messages that FDS in its sole discretion determines should be included in a periodic billing statement shall be included; and

(iv) Fourth, any inserts or messages with respect to programs approved by FDS and GE Bank for inclusion in a periodic billing statement shall be included.

(b) All inserts to be included by the FDS Companies in Macy's Account periodic billing statements shall be available for review by GE Bank at a time reasonably prior to the applicable billing date. All inserts to be included by GE Bank in Macy's Account periodic billing statements shall be available for review by FDS at a time reasonably prior to the applicable billing date.

(c) Any additional incremental postage costs and other expenses incurred by GE Bank as a result of the inclusion of items provided to GE Bank by the FDS Companies pursuant to this Section 4.7 shall be borne solely by FDS.

4.8. Certain Cross Servicing Arrangements

. The provisions of this Section 4.8 shall be applicable (i) from the date hereof until the date that all Macy's Accounts have been converted to the FDS system and (ii) from and after such time, as any, that the FACS Services Agreement terminates prior to the termination of this Agreement and GE Bank has converted the GE/Macy's Accounts to its system.

(a) Each party agrees that to the extent it receives inquiries from a customer that holds a Specified Account (as defined below), it will use reasonable efforts to assist such customer with respect to his or her inquiries. In this regard, the FDS Companies shall direct electronic authorization inquiries to the appropriate account servicer based on account ownership for purposes of providing on-line servicing to credit card account holders. If account ownership is undetermined, an account lookup file, to be established and maintained on FDS's computer system, will be utilized by each party. The account lookup file will contain account lookup information with respect

to each holder of a Specified Account. The account lookup file shall be accessible to GE Bank and its designees during normal business hours and at other reasonable times upon reasonable request by GE Bank. The account lookup file shall be regularly updated by each party. FDS shall ensure system availability during all store operating hours and shall also provide a "help desk" to assist GE Bank in the event of systems malfunctions. "Specified Accounts" means (i) with respect to inquiries received by GE Bank: either (x) a Jordan Marsh, Broadway, Weinstock's or Emporium private label account or (y) an FDS/Macy's Account and (ii) with respect to inquiries received by FDS: a GE/Macy's Account.

(b) If the account lookup file indicates that the account is a Specified Account, then the party answering the inquiry may provide information on the account to the credit card holder and routine maintenance of the type described on Schedule 4.8 (or as may otherwise be agreed to by the parties) may be performed on the account by the party answering the inquiry. If adjustments to or decisions on the account beyond those set forth on Schedule 4.8 or otherwise agreed to by the parties are required or requested by the credit card holder, the answering party shall immediately transfer the credit card holder to the account owning party.

(c) If the account lookup file indicates that the credit card holder has duplicate Specified Accounts owned by both FDS Bank and GE Bank, an account lookup team for each party shall determine which account is the "ongoing" account for purposes of answering the inquiry and the inquiry will be directed to the party owning such account. The determination of which account is "ongoing" for purposes of this Section 4.8(c) shall be made in the same manner as the treatment of duplicate accounts, as described in Schedule 2.3(b) hereof and Section 2.4. The non-owning party may provide information on the account to the credit card holder and routine maintenance of the type described on Schedule 4.8 (or as may otherwise be agreed by the parties) may be performed on the account by the non-owning party. If adjustments to or decisions beyond those set forth on Schedule 4.8 or otherwise agreed to by the parties are required or requested by the credit card holder, the answering party shall immediately transfer the credit card holder to the account owning party.

(d) All expenses incurred by FDS and FDS Bank in connection with providing the services described in this Section 4.8 shall be borne by FDS and FDS Bank and all such expenses incurred by GE Bank and its designees shall be expenses of the Program.

4.9. Servicing in the Event FACS Services Agreement Terminates

. In the event the FACS Services Agreement terminates prior to the termination of this Agreement, all GE/Macy's Accounts would be serviced by GE Bank pursuant to the terms and conditions of the FACS Services Agreement (with GE Bank being responsible for providing the FACS Services (as defined therein)), provided that in the event that GE Bank fails to perform any of its obligations thereunder, the FDS Companies' only rights with respect thereto shall be to terminate, in accordance with the terms and conditions of the FACS Services Agreement, GE Bank's rights to perform such services and to recommence the provision by FACS of the FACS Services in accordance with the FACS Services Agreement, and such failure shall not give rise to any termination right or other remedy of any of the FDS Companies under this Agreement. All expenses incurred by GE Bank in so servicing the GE/Macy's Accounts shall be expenses of the Program to the extent in conformity with a servicing budget to be agreed upon by the parties.

4.10. Servicing in the Event GE Capital/GE Bank Services Agreement Terminates

. In the event the GE Capital/GE Bank Services Agreement terminates prior to the termination of this Agreement, all GE/Macy's Accounts would be serviced by FACS as designee of GE Bank pursuant to the terms and conditions of the GE Capital Services Agreement (with FACS being responsible for providing the GE Capital Services (as defined therein)), provided that in the event that FACS fails to perform any of its obligations thereunder, GE Bank's only rights with respect thereto shall be to terminate, in accordance with the terms and conditions of the GE Capital Services Agreement, FACS's rights to perform such services and to recommence the provision of the GE Capital Services by GE Capital in accordance with the GE Capital Services Agreement, and such failure shall not give rise to any termination right or other remedy of GE Bank under this Agreement. All expenses incurred by FACS in so servicing the GE/Macy's Accounts shall be expenses of the Program.

4.11 Designees

. [OMISSION].

4.12 Other

. The FDS Companies agree that in the event any of them or any of their Affiliates are providing payment processing and/or collections services with respect to any GE/Macy's Accounts, such parties shall not commingle GE Bank's funds with funds of any other Person and shall maintain the separateness of GE Bank's funds, including, without limitation, by arranging for all such cash management and lockbox arrangements as GE Bank shall reasonably request, provided that the foregoing shall not be deemed to modify or limit the rights of the FDS Companies to accept in-store payments to the extent provided in Section 3.7.

ARTICLE

V.

PROGRAM ECONOMICS

5.1. Interim Period

. The provisions of Sections 5.2 through and including Section 5.6 shall not become effective until February 2, 1997. From the date hereof through August 3, 1996 (the "Current Interim Period") the "Bank Service Discount" for each month shall be as set forth on Schedule 5.1A and on the fifth Business Day of each fiscal month during such period the Bank Service Discount shall be adjusted to reflect changes in the cost of money as provided in Schedule 5.1B hereto. The parties agree that prior to August 3, 1996 they will amend Schedule 5.1A for the period from August 4, 1996 through February 1, 1997 and that the money cost adjuster described in the preceding sentence will be applicable for such period. In the event the parties cannot agree on an amended Schedule 5.1A at least five days prior to August 4, 1996, the provisions of Sections 5.2 through and including Section 5.6 shall become effective on August 4, 1996.

5.2. Use of Budgets

. A budget will be prepared for each six month period of the Program (each, a "Period") in accordance with this Article V. Each budget will be in the form of Schedule 5.2 hereto. The budget for each Period will include, among other things, (i) a projected discount amount (the "Projected Monthly Discount") in an amount equal to the amount necessary so that, if actual results for such Period equal budgeted amounts for such Period, GE Bank will receive a Bank Net Return for such Period equal to the Target Return, (ii) as an expense of the Program, a service fee (the "FACS Servicing Fee") determined as set forth in the FACS Services Agreement payable by GE Bank to FACS for services to be rendered during such Period by FACS to GE Bank and its

Affiliates pursuant to the FACS Services Agreement and (iii) as an expense of the Program, the amount of anticipated expenses to be incurred by GE Bank for each month in the Period determined as set forth in the GE Capital/GE Bank Services Agreement (the "Bank Servicing Expenses"). The Projected Monthly Discount for each month shall be settled, not later than the fifteenth day of such month, by adjusting Remittances.

5.3. Preparation of Budgets

(a) Prior to any party exercising its right to finalize a budget pursuant to Section 5.3(b), FDS and GE Bank will work together in good faith in preparing each budget and related Projected Monthly Discount. In so working together, each party will base its budget proposals on its experiences with similarly situated accounts owned by it. If the parties are able to agree on a budget and related Projected Monthly Discount, then the agreed upon budget and related Projected Monthly Discount shall be the budget and related Projected Monthly Discount for the applicable Period. Each party will use good faith efforts to (i) promptly provide all information reasonably requested by the other in connection with the preparation of the budget and related Projected Monthly Discount and (ii) incorporate information received from the other party into the preparation of the budget and related Projected Monthly Discount.

(b) In the event that on or prior to the fifth Business Day of any Period (the "Final Agreement Date") FDS and GE Bank shall not have agreed on a budget and Projected Monthly Discount as provided in Section 5.3(a) for such Period, FDS and GE Bank will, subject to Section 5.6, have the right to finalize the budget (except with respect to the Operating Expense Budget which, absent such agreement, shall equal the Operating Expense Budget for the prior Period) and related Projected Monthly Discount for alternating Periods and GE Bank shall have the right, subject to Section 5.6, to finalize the budget and related Projected Monthly Discount for the initial Period. The party which finalizes the budget and related Projected Monthly Discount for any Period must exercise this right in good faith, based on such finalizing party's experience with similarly situated accounts owned by it. The party finalizing the budget and related Projected Monthly Discount shall provide to the other party, within five Business Days after the Final Agreement Date, the final budget and related Projected Monthly Discount and the assumptions underlying such final budget and related Projected Monthly Discount, as well as the rationale for any changes made to the budget and related Projected Monthly Discount during the preparation of such budget and related Projected Monthly Discount. Notwithstanding the foregoing, each party shall have the right, exercisable one time only during the term of the Agreement, to pass on its right to finalize the budget and related Projected Monthly Discounts for one Period in exchange for the right to finalize the budget and related Monthly Discount for the immediately succeeding Period and then commence alternating Periods based on the revised order. In order to exercise such right, the passing party must provide the other party with written notice thereof at least 30 days prior to the commencement of the applicable Period.

(c) The parties agree to work together in good faith to agree upon an initial budget of Operating Expenses for the Program, taking into account, among other things, GE Bank's staffing and other requirements reasonably necessary to permit GE Bank to perform all of its ongoing obligations and exercise all of its rights under the Transaction Documents, while providing for GE Bank's safety and soundness. Notwithstanding the foregoing, if the parties are unable to agree on a mutually acceptable initial Operating Expenses budget for the Program, then the initial Operating Expenses budget shall consist of (i) an amount for administrative functions that equals the amount for such functions provided for in the Operating Expenses budget previously agreed to for the Current Interim Period and (ii) such other amounts as the parties shall agree. The

Operating Expenses budget for the Program as initially determined pursuant to this Section 5.3(c), and as it may be subsequently revised from time to time hereunder, is referred to as the "Operating Expense Budget."

5.4. Adjustments.

(a) During the first five Business Days of each fiscal month (the "Monthly Review Period"), the parties shall review the extent and manner, if any, by which budgeted assumptions for the prior month differed from actual experience for such month. If during the Monthly Review Period FDS and GE Bank agree that, based on the prior month's experiences, the budget and Projected Monthly Discount for the current month should not be adjusted, then no adjustment shall be made, and the budgeted Projected Monthly Discount shall be settled pursuant to Section 5.2.

(b) If during the Monthly Review Period FDS and GE Bank agree that based on the prior month's experiences, the budget and Projected Monthly Discount for the then current month is not likely to provide GE Bank with the Target Return for such month, then, prior to the end of the Monthly Review Period, the parties shall adjust the then current month's budget and Projected Monthly Discount by either (i) applying the adjuster formula described on Schedule 5.4(b) hereto to such budget and Projected Monthly Discount, which adjuster formula is designed to adjust the monthly budget on a prospective basis only or (ii) applying a modified form of such adjusted methodology (any such modifications shall be as mutually agreed to by the parties) to such budget and Projected Monthly Discount in a manner which is prospective only and applicable only with respect to future Remittances (i.e., will be applicable to only the then current month and may not "make-up" for prior months) so that if actual results for the then current month equal budgeted amounts (as so adjusted), GE Bank will receive the Target Return for such month.

(c) If prior to the end of the Monthly Review Period the parties are unable to agree on the manner in which the then current month's budget and Projected Monthly Discount should be adjusted, then the party that had the right to finalize the six-month budget for the then current Period (whether or not such party actually exercised its right) shall have the right to unilaterally adjust the then current month's budget (except with respect to the Operating Expense Budget which, absent such agreement, shall equal the Operating Expense Budget for the prior month) and Projected Monthly Discount. Any such adjustment shall be prospective only and applied only with respect to future Remittances (i.e., will be applicable to only the then current month and may not "make-up" for prior months) so that if actual results for the then current month equal budgeted amounts (as so adjusted), GE Bank will receive the Target Return for such month. Any party that exercises its right to unilaterally adjust a monthly budget and Projected Monthly Discount must exercise this right based on the methodology set forth in the immediately preceding sentence in good faith, based on such party's experience with similarly situated accounts owned by it (and must present the other party with written evidence of the recent performance of the adjusting party's similarly situated accounts). Such party shall provide the other party, within five Business Days after the end of the Monthly Review Period, the adjusted monthly budget and Projected Monthly Discount and the assumptions underlying such adjusted budget and Projected Monthly Discount, as well as the rationale for the adjustments thereto.

(d) Any adjustments to any monthly budget, whether made by agreement of the parties pursuant to Section 5.4(b) or unilaterally by one party pursuant to Section 5.4(c), shall require the party or parties effecting the adjustment to deliver an adjustment certificate in the form of Exhibit B hereto.

(e) In addition to the foregoing, on the fifth

Business Day of each fiscal month (unless the adjuster formula described on Schedule 5.4(b) has been applied with respect to such month), the Projected Monthly Discount shall be adjusted prospectively to reflect changes in the cost of money as provided in Schedule 5.4(e) hereto.

(f) In addition to the foregoing, on or prior to the fifteenth day of each fiscal month, the Projected Monthly Discount for such month shall be adjusted to reflect the amount, if any, by which the actual Bank Servicing Expenses for the immediately preceding month were more or less than the amount for Bank Servicing Expenses budgeted for such immediately preceding month.

5.5. Determination of Bank Net Return.

(a) Within 30 days after the end of each Period, GE Bank shall cause to be delivered to FDS a written statement (including appropriate schedules and footnotes) of the Bank Net Return for the immediately preceding Period, audited by (i) KPMG Peat Marwick as long as such firm is then being used by both GE Bank and FDS as their independent public accountants or (ii) if GE Bank and FDS are then both using another firm as their independent public accountants, by such other firm or (iii) if GE Bank and FDS are not then both using the same firm as their independent public accountants, by an independent, nationally recognized certified public accounting firm selected and engaged by GE Bank (a "Net Return Statement"). All fees and expenses payable to such accounting firm shall be expenses of the Program.

(b) Upon receipt of each Net Return Statement, FDS and its accountants shall, subject to the provisions of Section 12.1 hereof, be permitted during the succeeding 15-day period (the "Audit Period") to have reasonable access, during normal business hours, with reasonable advance notice, in such a manner as to minimize interference with normal business operations, to examine the records, files and books of account of GE Bank and shall have access to partners and employees of GE Bank's accountants and to the work papers, audit program and other documents prepared by GE Bank's accountants in the course of its audit of the Net Return Statement. During the Audit Period, GE Bank and GE Bank's accountants shall be permitted to be present during such examinations by FDS and its accountants.

(c) If FDS does not deliver written notice to GE Bank within five Business Days after the end of an Audit Period which states that FDS objects to the Net Return Statement, and sets forth in reasonable detail the basis for such objection (a "Net Return Dispute Notice"), such Net Return Statement shall be deemed to have been accepted by FDS and shall be final and binding on the parties for purposes of this Section 5.5. If FDS delivers to GE Bank a Net Return Dispute Notice within five Business Days after the end of any Audit Period, FDS and GE Bank shall work together for a period of 20 days from GE Bank's receipt of the Net Return Dispute Notice to attempt to reach agreement on the Net Return Statement. If FDS and GE Bank are unable to agree on the Net Return Statement within such 20 day period, the dispute will be resolved pursuant to Section 9.9.

5.6. Loss of Right to Finalize Budget and Related Projected Monthly Discount

(a) Notwithstanding the provisions of Section 5.3(b), if (i) at the end of any Period the Bank Net Return for the Period (as set forth in the final Net Return Statement for such Period) is less than [OMISSION]% (on an annualized basis) and (ii) either (x) FDS exercised its right to unilaterally adjust one or more monthly budgets and Projected Monthly Discounts during such Period and, but for the Bank Net Return realized for the month(s) that FDS exercised such right, the Bank Net Return for the Period would have been greater than [OMISSION]% (on an annualized basis), or (y) FDS exercised its right to unilaterally finalize the budget for the Period, then

FDS shall lose the right to finalize the budget and related Projected Monthly Discount for one future Period to which it would have otherwise been entitled (up to a maximum loss of three Periods to which it would have otherwise been entitled) for each 1% or portion thereof that such Bank Net Return is less than [OMISSION]% (on an annualized basis). Notwithstanding the provisions of Section 5.3(b), if (i) at the end of any Period the Bank Net Return for the Period (as set forth in the final Net Return Statement for such Period) is greater than [OMISSION]% (on an annualized basis) and (ii) either (x) GE Bank exercised its right to unilaterally adjust one or more monthly budgets and Projected Monthly Discounts during such Period and, but for the Bank Net Return realized for the month(s) that GE Bank exercised such right, the Bank Net Return for the Period would have been less than [OMISSION]% (on an annualized basis), or (y) GE Bank exercised its right to unilaterally finalize the budget for the Period, then GE Bank will lose the right to finalize the budget and related Projected Monthly Discount for one future Period to which it would have otherwise been entitled (up to a maximum loss of three Periods to which it would have otherwise been entitled) for each 1% or portion thereof that such Bank Net Return is greater than [OMISSION]% (on an annualized basis). The loss by one party of the right to unilaterally finalize the budget and Projected Monthly Discounts for a Period pursuant to this Section 5.6(a) is referred to as a "Period Penalty."

(b) If the Bank Net Return for any Period with respect to which FDS is subject to a Period Penalty exceeds [OMISSION]% (on an annualized basis), then FDS will cease to be subject to one Period Penalty for each 1% or portion thereof that such Bank Net Return exceeded [OMISSION]% (on an annualized basis). If the Bank Net Return for any Period with respect to which GE Bank is subject to a Period Penalty is less than [OMISSION]% (on an annualized basis), then GE Bank will cease to be subject to one Period Penalty for each 1% or portion thereof that such Bank Net Return is less than [OMISSION]% (on an annualized basis).

5.7. Special Provisions

. From the beginning of the third fiscal quarter of 2004 until the termination of this Agreement, the provisions of Sections 5.4 and 5.6 shall be modified as follows:

(a) Notwithstanding the provisions of Section 5.4, the parties shall alternate having the right to unilaterally adjust monthly budgets and Projected Monthly Discounts (irrespective of which party has the right to finalize the budget for the Period).

(b) Within five Business Days after the end of each fiscal month, GE Bank shall deliver to FDS a statement setting forth GE Bank's good faith determination of the Bank Net Return for the prior month, based on the books and records prepared for GE Bank's internal auditors. If (i) any such statement indicates that the Bank Net Return for the applicable month was less than [OMISSION]% (on an annualized basis) and (ii) FDS had exercised its rights to unilaterally adjust the budget and Projected Monthly Discount for such month, then FDS shall lose the right to finalize the budget and Projected Monthly Discount for one future month (up to a maximum loss of three months to which it would have otherwise been entitled) for each 1% or portion thereof that such Bank Net Return was less than [OMISSION]% (on an annualized basis). If (i) any such statement indicates that the Bank Net Return for the applicable month was greater than [OMISSION]% (on an annualized basis) and (ii) GE Bank had exercised its rights to unilaterally adjust the budget and Projected Monthly Discount for such month, then GE Bank shall lose the right to finalize the budget and Projected Monthly Discount for one future month (up to a maximum loss of three months to which it would have otherwise been entitled) for each 1% or portion thereof that such Bank Net Return was greater than [OMISSION]% (on an annualized basis). The loss by any party of

the right to unilaterally adjust a future monthly budget and Projected Monthly Discount pursuant to this Section 5.7(b) is referred to as a "Monthly Penalty."

(c) If (i) any party receives a Monthly Penalty and (ii) the final Net Return Statement for the Period covering the fiscal month which caused the Monthly Penalty indicates that GE Bank's calculation of the Bank Net Return for such month was not accurate and that the Monthly Penalty should not have been assessed, then the party who received the Monthly Penalty in error shall have the right to unilaterally adjust one additional monthly budget and Projected Monthly Discount for each Monthly Penalty that was so assessed in error.

5.8. Revenue Enhancement Programs

. For purposes hereof, a "Revenue Enhancement Program" means a program that yields sundry income from solicitations to sell services such as offers to sell credit card protection, auto and travel clubs and similar services and which do not relate to Merchandise. During the term of the Agreement, the decision to adopt any program that relates to merchandise sold through billing statements or other mail or telephone solicitations shall be made exclusively by FDS. During the term of the Agreement, the decision to adopt any new Revenue Enhancement Program for the Program shall be made by FDS subject to the following: [OMISSION]. Notwithstanding the foregoing, no Revenue Enhancement Program shall be implemented which GE Bank believes, in its good faith judgment, would embarrass or disparage GE Bank or any of its Affiliates in any respect or would violate any provision of applicable Law. FDS agrees to provide GE Bank with a description of each such Revenue Enhancement Program and with copies of all consumer materials relating to Revenue Enhancement Programs prior to the date such programs are commenced. No revenue from any Revenue Enhancement Program will be taken into account in calculating the Bank Net Return and all such revenue (except as provided in Section 9.10 of the GE Capital Services Agreement) shall be revenue of FDS unless the parties otherwise agree.

5.9. GE Bank Capital Structure

. GE Bank's capital structure for the Program, after taking into account the Deemed Equity Amount, shall consist of various tranches of fixed rate debt and floating rate debt as determined from time to time by GE Bank in consultation with FDS in order to minimize overall funding costs and refinancing risks of the Program.

5.10. Calculation of GE Bank's After-Tax Income

. In calculating GE Bank's net after-tax income from the Program with respect to any Period (i) the following shall be deemed revenue of the Program for such Period: (A) Finance Charge Income for such Period, (B) all revenue from Fees (after deducting therefrom late fee and returned check fee write-offs) for such Period, (C) the amount of all Bank Service Discounts and Projected Monthly Discounts, for such Period, and (D) any other items designated as revenue of the Program pursuant to this Agreement with respect to such Period, (ii) the following items shall be deemed expenses of the Program with respect to such Period: (A) Money Costs for such Period, (B) Operating Expenses for such Period (which, for purposes hereof, shall not exceed 105% of the applicable Operating Expense Budget for such Period and, to the extent such expenses exceed 105% of such applicable Operating Expense Budget, shall not be considered expenses of the Program), (C) overhead for such Period (which for purposes hereof shall be deemed to be, with respect to any Period, an amount equal to [OMISSION] of Average GE/Macy's Net Receivables for such Period, provided that such overhead amount shall not exceed \$[OMISSION] with respect to any year), (D) all bank franchise taxes or other taxes, if any (not including penalties or interest incurred due to late filings or non-filings by GE Bank) incurred

by GE Bank with respect to the operation of the Program for such Period, (E) all Net Write-Offs plus Reserve Change on GE/Macy's Accounts for such Period, (F) the amount of all FACS Servicing Fees and Bank Servicing Expenses applicable to such Period and (G) any other items designated as expenses of the Program pursuant to this Agreement with respect to such Period, and (iii) taxes for such Period on GE Bank's income from the Program shall be calculated at the statutory federal, state and local rates in effect during such Period. Following the end of each GE Bank fiscal year, GE Bank shall determine whether the actual amount of taxes paid on GE Bank's income from the Program for any Period in such fiscal year was less than the amount of taxes used to calculate GE Bank's after-tax income for such Period. The amount of any such difference shall be accounted for as a reduction to the Projected Monthly Discount in the Period in which such difference is calculated.

ARTICLE

VI.

REPRESENTATIONS AND WARRANTIES BY THE FDS COMPANIES

On the date hereof, and on the date of each Remittance (by acceptance by any FDS Company thereof), the FDS Companies, jointly and severally, represent, warrant and covenant to GE Bank as follows:

6.1. Organization and Good Standing

. Each FDS Company (a) is a corporation duly organized, validly existing and in good standing under the Law of the state of its incorporation, (b) is qualified or licensed to do business as a foreign corporation and is in good standing in each jurisdiction in which the character of any of its assets or the nature of the business conducted by it makes such qualification necessary, except where failure to be so qualified or licensed would not have an FDS Material Adverse Effect, and (c) has all requisite corporate power and authority (i) to own or lease and operate its assets and carry on the business conducted by it as presently being conducted and (ii) to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby.

6.2. Authorization

. Each FDS Company has taken all necessary corporate action (including, without limitation, obtaining the approval of its Board of Directors and any consent of its stockholders required by Law or by its Certificate of Incorporation or By-laws), to authorize the execution, delivery and performance by such FDS Company of this Agreement and the consummation of the transactions contemplated hereby. Each FDS Company has duly and validly authorized, executed and delivered this Agreement, and this Agreement constitutes the legal, valid and binding obligation of such FDS Company enforceable against such FDS Company in accordance with its terms, except to the extent enforceability may be limited by bankruptcy, insolvency, moratorium or other similar Laws affecting the enforcement of creditors' rights generally.

6.3. Effect of Agreement

. The execution, delivery and performance of this Agreement by the FDS Companies and the consummation by the FDS Companies of the transactions contemplated hereby will not, with or without the giving of notice or the lapse of time, or both, (a) violate any provision of Law to which any FDS Company or any of its property is subject, (b) violate any judgment, order, writ or decree of any Governmental Authority applicable to any FDS Company or any of its property, or (c) result in the breach of, or conflict with, any term, covenant, condition or provision of, accelerate the performance required by, constitute a default under, or result in the creation or imposition of any Lien upon any of the GE/Macy's Accounts or GE/Macy's Receivables pursuant

to, the corporate charter or By-laws of any FDS Company or any material Contract to which any FDS Company is a party or by which any FDS Company or its assets or properties is or may be bound.

6.4. Consents

. No consent, authorization or approval of, or exemption by, or filing with, any Governmental Authority or any other Person is required in connection with the execution, delivery and performance by the FDS Companies of this Agreement or the consummation by the FDS Companies of the transactions contemplated hereby except for consents, authorizations, approvals and filings made or obtained prior to the date hereof and except for such failures which would not have an FDS Material Adverse Effect.

6.5. Executive Offices and Names; Liens

. The addresses of the chief executive offices and principal places of business of each of the FDS Companies are and will continue to be set forth on Schedule 6.5 hereto (as amended from time to time). The legal name of each FDS Company is and will continue to be set forth on Schedule 6.5 and that name (or such other name as may be set forth on Schedule 6.5 beside its legal name) is the only name under which it conducts business. No FDS Company has granted to any Person any security interest in any GE/Macy's Account or GE/Macy's Receivable and no Person other than GE Bank has filed any UCC-1 or similar financing statements naming any FDS Company as debtor which covers or purports to cover any GE/Macy's Accounts or GE/Macy's Receivables.

6.6. Solvency

. The FDS Companies, taken as a whole, are, and immediately after the consummation of the transactions contemplated hereby, will be, Solvent.

6.7. Permits, Licenses, Etc

. The FDS Companies have all Permits that are required to be obtained by or given to any FDS Company in order to perform the FDS Companies' obligations under the Program and to consummate the transactions contemplated hereby, and the FDS Companies are not in violation or default of any such Permits, except for such failures which would not have an FDS Material Adverse Effect.

6.8. Compliance with Applicable Laws

. The conduct of the Program by the FDS Companies does not violate any Laws in effect at the time this representation, warranty and covenant is being made or deemed made, except for (i) such violations as would not have an FDS Material Adverse Effect, (ii) violations which are due to information supplied by GE Bank to FDS by computer transfer or in writing and (iii) violations which relate to the status of the GE/Macy's Accounts prior to the date hereof (other than with respect to matters for which FDS or any of its Affiliates is indemnifying GE Bank under any of the Transaction Documents), provided the FDS Companies make no representations or warranties pursuant to the Section 6.8 with respect to acts or omissions of GE Bank, its Affiliates or their agents. No FDS Company has received any notice of any violation of Law applicable to such FDS Company's participation in the Program and, to the FDS Companies' knowledge, no reasonable basis for the allegation of any such violation exists, except for violations which would not have an FDS Material Adverse Effect. Without limiting the generality of the foregoing, the in-store policies and procedures of the Retailers which relate to the Program do not violate any Laws, except for such violations as would not have an FDS Material Adverse Effect.

6.9. Litigation

. There is no Litigation pending before any Governmental Authority or any private arbitration tribunal, or, to the knowledge of any FDS Company, threatened, against, relating to or affecting any FDS Company or any of its Affiliates, the resolution of which would reasonably be expected to have an FDS Material Adverse Effect. Except as set forth on Schedule 6.9, (a) no FDS Company has been permanently or temporarily enjoined or barred by order, judgment or decree of any Governmental Authority or private arbitration tribunal from engaging in or continuing any conduct or practice in connection with the Program and (b) no order, judgment or decree of any Governmental Authority or private arbitration tribunal exists enjoining any FDS Company from taking or requiring any FDS Company to take any action of any kind with respect to the Program.

6.10. GE/Macy's Receivables

. On the date of each Remittance, each GE/Macy's Receivable being remitted against by GE Bank: (a) is free and clear of any and all Liens incurred or existing by, through or on behalf of, or in favor of any Person, (b) arose in connection with a bona fide sale and delivery of Merchandise by a Retailer to or on behalf of a GE/Macy's Account Debtor or Authorized User, provided that for purposes of this Section 6.10(b), delivery of Merchandise shall be deemed to have occurred on the date of sale with respect to Merchandise which is billed in accordance with FDS's historical, customary practices and shipped to the GE/Macy's Account Debtor within 72 hours of purchase or such longer period as is applicable to special orders or customer requested delayed deliveries, (c) is for a liquidated amount payable in U.S. dollars as stated in the GE/Macy's Account Documentation related thereto, subject to returns, allowances and other adjustments, in the ordinary course of business, (d) did not arise out of any fraud or malfeasance of any customer of any Retailer that would give GE Bank the right of chargeback pursuant to Section 3.5(c)(iv) or any fraud, malfeasance or negligence of any employee or agent of any Retailer, (e) is not subject to any offset, counterclaim or defense against GE Bank, or repurchase or return right (other than pursuant to the FDS Companies' regular return policy), in either case based on any act or omission of any Retailer or any employee or agent of any Retailer in connection with the sale of Merchandise, provided that any GE/Macy's Receivables to be charged back pursuant to this Section 6.10(e) that involve Merchandise disputes shall be subject to the provisions of Section 3.5(c)(i), and (f) the Face Amount of such GE/Macy's Receivable is net of any employee or similar discount to which the relevant GE/Macy's Account Debtor is or may be or become entitled. Notwithstanding the foregoing, the parties recognize that in the normal course of business the representations set forth in this Section 6.10 may not be true, and the parties agree that as long as the failure of the representations set forth in this Section 6.10 to be true does not have an FDS Material Adverse Effect, GE Bank's sole remedy with respect thereto shall be chargebacks pursuant to Section 3.5.

6.11. FDS Parties to Agreement

. All Affiliates of FDS or any of the FDS Companies that operate, conduct business or make Sales under the Macy's Tradename are parties to this Agreement (except to the extent otherwise permitted by the last sentence of Section 2.3(a)).

ARTICLE

VII.

REPRESENTATIONS AND WARRANTIES BY GE BANK

On the date hereof, and on the date of each Remittance (by transmittal by GE Bank thereof), GE Bank represents and warrants to the FDS Companies as follows:

7.1. Organization and Good Standing

. GE Bank (a) is a banking corporation duly organized, validly existing and in good standing under the Law of the State of Ohio, (b) is qualified or licensed to do business as a foreign banking corporation and is in good standing in each jurisdiction in which the character of any of its assets or the business conducted by it makes such qualification necessary, except where failure to be so qualified or licensed would not have a GE Material Adverse Effect and (c) has all requisite corporate power and authority (i) to own or lease and operate its assets and carry on the business conducted by it as presently being conducted and (ii) to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby.

7.2. Authorization

. GE Bank has taken all necessary corporate action (including, without limitation, obtaining the approval of its Board of Directors and any consent of its stockholders required by Law or by its Certificate of Incorporation or By-laws) to authorize the execution, delivery and performance by it of this Agreement and the consummation by it of the transactions contemplated hereby. GE Bank has duly and validly authorized, executed and delivered this Agreement, and this Agreement constitutes the legal, valid and binding obligation of GE Bank enforceable against GE Bank in accordance with its terms, except to the extent enforceability may be limited by bankruptcy, insolvency, moratorium or other similar Law affecting the enforcement of creditors' rights generally.

7.3. Effect of Agreement

. The execution, delivery and performance by GE Bank of this Agreement and the consummation by GE Bank of the transactions contemplated hereby will not, with or without the giving of notice or the lapse of time, or both, (a) violate any provision of Law to which GE Bank or any of its properties is subject, (b) violate any judgment, order, writ or decree of any Governmental Authority applicable to GE Bank or any of its property, or (c) result in the breach of, or conflict with, any term, covenant, condition or provision of, accelerate the performance required by, constitute a default under, or result in the creation or imposition of any Lien upon any of the FDS/Macy's Accounts or FDS/Macy's Receivables pursuant to GE Bank's Articles of Incorporation, By-laws or any Contract to which GE Bank is a party or by which any of its assets or properties is or may be bound.

7.4. Consents

. No consent, authorization or approval of, or exemption by, or filing with, any Governmental Authority or any other Person is required to be obtained by GE Bank in connection with the execution, delivery and performance by GE Bank of this Agreement or the consummation by GE Bank of the transactions contemplated hereby except for consents, authorizations, approvals and filings made or obtained prior to the date hereof and except for such failures which would not have a GE Material Adverse Effect.

7.5. Solvency

. GE Bank is, and immediately after the consummation of the transactions contemplated hereby, will be, Solvent.

7.6. Permits, Licenses, Etc.

GE Bank has all Permits that are required to be obtained by or given to GE Bank in order to perform its obligations under the Program and to consummate the transactions contemplated hereby, except where such failure would not have a GE Material Adverse Effect.

7.7. Compliance with Applicable Laws

. The conduct of the Program by GE Bank does not violate any Laws in effect at the time this representation and warranty is being made or deemed made, except for such violations as would not have a GE Material Adverse Effect, and GE Bank has not received any notice of any violation of Law applicable to its participation in the Program and, to GE Bank's knowledge, no reasonable basis for the allegation of any such violation exists except for violations which would not have a GE Material Adverse Effect, provided that GE Bank makes no representations or warranties pursuant to this Section 7.7 with respect to acts or omissions of any of the FDS Companies or their agents except to the extent taken consistent with express written instructions from an Authorized GE Person.

7.8. Litigation

. There is no Litigation pending before any Governmental Authority or any private arbitration tribunal, or, to the knowledge of GE Bank, threatened, against, relating to or affecting GE Bank or its Affiliates, the resolution of which would reasonably be expected to have a GE Material Adverse Effect. GE Bank has not been permanently or temporarily enjoined or barred by order, judgment or decree of any Governmental Authority or private arbitration tribunal from engaging in or continuing any conduct or practice in connection with the Program. Except as set forth on Schedule 7.8, no order, judgment or decree of any Governmental Authority or private arbitration tribunal exists enjoining GE Bank from taking or requiring GE Bank to take any action of any kind with respect to the Program.

7.9. Facilities.

GE Bank has all of the necessary facilities, equipment and personnel to provide the Collections Services in accordance with the terms of Annex I hereto.

ARTICLE

VIII.

COVENANTS AND CONDITIONS

8.1. Further Assurances

. At any time or from time to time after the date hereof, each party hereto shall, at the request of any other party hereto, execute and deliver any further instruments or documents and take all such further action as the requesting party may reasonably request in order to evidence or give effect to the consummation of the transactions contemplated hereby.

8.2. Covenants of the FDS Companies

. The FDS Companies, jointly and severally, covenant and agree that, unless GE Bank shall otherwise consent in writing, from and after the date hereof until the termination of this Agreement:

(a) The FDS Companies shall cooperate in all reasonable respects with GE Bank promptly to resolve all disputes with GE/Macy's Account Debtors.

(b) Each FDS Company shall, and shall cause each of its Affiliates to, keep proper records, files and books of account in which full, true and correct entries shall be made of all dealings and transactions in relation to the GE/Macy's Accounts, the GE/Macy's Account Documentation, the GE/Macy's Receivables and the Program.

(c) In connection with the Program, each FDS Company shall comply in all material respects with all requirements of Law.

(d) No FDS Company shall permit or agree to any extension, compromise or settlement, or make any change or modification of any kind or nature with respect to any GE/Macy's Account, GE/Macy's Credit Card Documentation or GE/Macy's Receivable, including any of the terms relating thereto (other than (i) in the case of GE/Macy's Receivables, in connection with returns, exchanges of Merchandise or adjustments to GE/Macy's Accounts made in the ordinary course of business, and (ii) pursuant to the provisions of this Agreement, the Credit and Collection Policy and the FACS Services Agreement).

(e) Without 30 days' prior written notice to GE Bank, (i) no FDS Company shall transfer its executive offices or principal place of business to any location other than those set forth in Schedule 6.5 hereto with respect to it and (ii) no FDS Company shall change its corporate name; and, notwithstanding (i) and (ii) hereof, no change may be effected before the applicable FDS Company shall have furnished to GE Bank signed copies of all filings and all actions as GE Bank may reasonably determine to be necessary or appropriate to preserve and maintain at all times the perfection and priority of the Liens granted or purported to be granted to GE Bank pursuant to the Purchase Agreement with respect to the GE/Macy's Accounts and the GE/Macy's Receivables and the parties agree that, upon consummation of all other actions required to be taken pursuant to this Section 8.2(e), Schedule 6.5 will be amended so that the representations and warranties set forth in Section 6.5 are true and correct. During the term of this Agreement, the FDS Companies shall use their commercially reasonable efforts to provide GE Bank with reasonable advance notice prior to opening any store in a state other than in which the FDS Companies maintain a store on the date hereof.

(f) No FDS Company shall change its name, identity or structure in any manner that might make any financing statement filed to preserve and maintain the perfection and priority of any Liens, if any, granted or purported to be granted to GE Bank under the Purchase Agreement seriously misleading within the meaning of Section 9-402(7) (or comparable provision) of the UCC unless such FDS Company shall have given GE Bank at least 30 days' prior written notice thereof and shall have furnished to GE Bank signed copies of any amendments to such financing statements and all other filings and all other actions as may be necessary to preserve and maintain at all times the perfection and priority of the security interests granted or purported to be granted to GE Bank under the Purchase Agreement.

(g) All representations, warranties, agreements and covenants of the FDS Companies with respect to (i) GE Bank's Liens, as set forth in Section 6.1(b) of the Purchase Agreement, (ii) the FDS Companies' undertakings with respect to such Liens, as set forth in Section 6.1(c) of the Purchase Agreement, and (iii) the FDS Companies' appointment of attorney-in-fact as set forth in Section 6.2 of the Purchase Agreement, are reaffirmed and agreed to by the FDS Parties as of the date hereof with respect to the GE/Macy's Accounts, GE/Macy's Receivables and GE/Macy's Account Documentation and are incorporated by reference herein as if set forth in their entirety herein, without regard to any amendment or termination of any such provision under the Purchase Agreement.

(h) The FDS Companies, jointly and severally, agree that any Affiliate of FDS that becomes a party to this Agreement after the date hereof shall license to GE Bank, for use with the Program, any such Affiliate's tradenames or marks which are reasonably necessary for the conduct of the Program.

(i) The FDS Companies agree to be responsible for all acts and omissions of the Licensees in connection with the Program and of any FDS Company with respect to any Licensee, and shall assure that such Licensees comply with the terms and conditions of this Agreement applicable to the Retailers.

8.3. FDS's Reports and Notices

. Until the termination of this Agreement:

(a) FDS shall deliver to GE Bank, within 45 days after the end of each FDS fiscal quarter a certificate of a senior FDS financial officer stating that, to the best knowledge of such officer, all representations and warranties of the FDS Companies contained herein are true and correct in all material respects and no GE Termination Triggers (or events which, with the passage of time or giving of notice or both, would constitute a GE Termination Trigger) have occurred.

(b) FDS shall deliver to GE Bank, within 15 days after the sending or filing thereof, copies of all Annual Reports, Forms 10-K, 10-Q, and 8-K which any FDS Company files with the Securities and Exchange Commission, any national securities exchange or the National Association of Securities Dealers, Inc.

(c) FDS shall provide GE Bank with copies of all annual business plans and related financial forecasts which FDS provides to any of its commercial bank lenders within five days after FDS has so provided such information to such lenders.

(d) If during the term of this Agreement, FDS ceases to be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, FDS shall continue to deliver to GE Bank such financial statements as FDS would have been required to file with the Securities and Exchange Commission if it were so subject, such delivery to occur within 15 days after the date FDS would have been so required to file with the Securities and Exchange Commission.

8.4. Covenants of GE Bank

. GE Bank covenants and agrees that, unless FDS shall otherwise consent in writing, from and after the date hereof until the termination of this Agreement:

(a) GE Bank shall deliver to FDS, within 45 days after the end of each FDS fiscal quarter a certificate of a senior financial officer of GE Bank stating that, to the best knowledge of such financial officer, all representations and warranties of GE Bank contained herein are true and correct in all material respects and no FDS Termination Triggers (or events which, with the passage of time or giving of notice or both, would constitute an FDS Termination Trigger) have occurred.

(b) GE Bank shall cooperate in all reasonable respects with the FDS Companies promptly to resolve all disputes with GE/Macy's Account Debtors.

(c) GE Bank shall keep proper records, files and books of account in which full, true and correct entries shall be made of all dealings and transactions in relation to the GE/Macy's Accounts, the GE/Macy's Account Documentation, the GE/Macy's Receivables and the Program.

(d) In connection with the Program, GE Bank shall comply in all material respects with all requirements of applicable Law.

(e) GE Bank shall continue to extend credit to GE/Macy's Account Debtors in accordance with and subject to the terms of this Agreement.

(f) GE Bank shall deliver to FDS, within 15 days after the public filing thereof, copies of all publicly available portions of GE Bank's quarterly call reports.

(g) GE Bank shall not permit or agree to any extension, compromise or settlement, or make any change or

modification of any kind or nature with respect to any GE/Macy's Account, GE/Macy's Credit Card Documentation or GE/Macy's Receivable, including any of the terms relating thereto (other than pursuant to the provisions of this Agreement, the Credit and Collection Policy and the GE Capital Services Agreement).

8.5. Conditions Precedent to GE Bank's Obligations

. GE Bank shall not be required to fulfill its Remittance obligation pursuant to Article III hereof with respect to any GE/Macy's Receivable for which the representations and warranties set forth in Section 6.10 hereof are not true and correct as of the date of such Remittance.

ARTICLE IX. OTHER AGREEMENTS

9.1. Disputes Regarding Contested Amounts

. (a) FDS and GE Bank shall attempt, in good faith, for the 10 Business Days immediately following the date any Contested Amount Notice is either delivered by FDS to GE Bank or delivered by GE Bank to FDS, to resolve the payment dispute that is the subject of such notice. If the parties do not reach agreement with respect to Contested Amounts which exceed \$250,000 in the aggregate, such dispute shall promptly be referred to arbitration. Such arbitration shall be conducted by three arbitrators (the first selected by FDS, the second selected by GE Bank and the third selected by the first two arbitrators) in New York, New York, pursuant to the rules of the AAA, or a similar organization chosen by FDS and GE Bank if the AAA or a successor thereto is not then in existence. The decision of the arbitrators shall be final and binding on the parties to this Agreement, and any party hereto may have such award entered as a judgment in a court of competent jurisdiction and enforce it against the other like any other judgment. Payment of any Contested Amount required to be paid shall be made within five Business Days after the arbitrators' decision (and shall thereupon be deemed to be an Uncontested Amount) and shall include interest calculated at the Prime Rate from the due date on any contested payment. All costs and expenses of the AAA shall be borne equally by the parties and each party shall otherwise bear its own expenses.

(b) Daily Settlement Statements and/or Monthly Settlement Statements may be made up of both Contested Amounts and Uncontested Amounts. To the extent that a Daily Settlement Statement and/or Monthly Settlement Statement includes a Contested Amount, the disposition of such amount shall be resolved in accordance with Section 9.1(a) hereof and the settlement shall be made without taking into account any Contested Amount.

9.2. Conversion Expenses

. (a) [OMISSION].

(b) [OMISSION].

(c) Except as expressly provided in Sections 9.2(a) and 9.2(b), each party will bear its own costs incurred in effecting the systems conversion and the account servicing reorganization contemplated hereby and by the other Transaction Documents. No amounts paid or reimbursed to GE Bank pursuant to this Section 9.2 shall be included in calculating the Bank Net Return.

9.3. FDS Third-Party Acquisitions; New FDS Affiliates

. (a) In the event that a Third Party Acquisition is consummated at any time during the term of this Agreement and the acquired stores are converted to the Macy's Tradename, then the

FDS Companies shall cause the acquired retailer to (i) execute and deliver to GE Bank instruments reasonably satisfactory to GE Bank pursuant to which such retailer shall agree to be bound by the terms and conditions of this Agreement and (ii) execute and deliver to GE Bank a trademark licensing agreement in form and substance substantially similar to the Amended and Restated Trademark Agreement, but applicable to such retailer's tradenames and marks as may reasonably be required to be used by GE Bank in connection with the Program.

(b) In the event that any Affiliate of FDS that is not a party to this Agreement on the date hereof (whether now existing or hereafter created) shall operate, conduct business or make Sales under the Macy's Tradename, the FDS Companies shall cause such Affiliate to (i) execute and deliver to GE Bank instruments satisfactory to GE Bank pursuant to which such Affiliate shall agree to be bound by the terms and conditions of this Agreement, and (ii) execute and deliver to GE Bank a trademark licensing agreement in form and substance substantially similar to the Amended and Restated Trademark Agreement, but applicable to such Affiliate's tradenames and marks as may reasonably be required to be used by GE Bank in connection with the Program.

9.4. Securitization; Participation

. GE Bank and its Affiliates shall have the right, subject to the provisions of this Section 9.4, without being required to consult with, or receive the approval of, any FDS Company, to securitize, participate or otherwise convey or transfer an interest in, or pledge or create a Lien (a "Conveyance") in respect of any or all of the GE/Macy's Receivables at any time during the term of this Agreement. GE Bank shall provide FDS with reasonable advance notice of the relevant terms of any Conveyance of GE/Macy's Receivables. GE Bank agrees that no Conveyance of GE/Macy's Receivables shall restrict or prohibit the FDS Companies from exercising their rights to purchase GE/Macy's Accounts and GE/Macy's Receivables to the extent provided in this Agreement or otherwise impair the FDS Companies' rights under this Agreement or impose any additional obligations on the FDS Companies (other than notice and other similar ministerial obligations) or require, directly or indirectly, the FDS Companies to assume any obligation under such securitization. For all purposes of this Agreement relating to financial and economic matters, including, without limitation, adjustments to the Projected Monthly Discount pursuant to Section 5.3 hereof and determination of the capital structure of GE Bank pursuant to Section 5.9 hereof, any securitization or participation shall not be taken into account and all such adjustments, calculations and determinations shall be made as though any such securitization or participation did not occur and the GE/Macy's Receivables subject to such securitization or participation were owned by GE Bank and not subject to such securitization or participation and all income and expenses relating thereto were for the account of GE Bank. Accordingly, all incremental costs and benefits with respect to a securitization or participation will be for the account of GE Bank outside of the Program and will have no impact on FDS. The FDS Companies agree to cooperate with GE Bank and its Affiliates, and to use their commercially reasonable efforts (without being required to incur out-of-pocket costs) to assist GE Bank and its Affiliates, in connection with any Conveyance of GE/Macy's Receivables effected by GE Bank or any of its Affiliates (which do not limit the FDS Companies' rights to purchase GE/Macy's Accounts and GE/Macy's Receivables as provided herein or otherwise impair the FDS Companies' rights under this Agreement or impose an additional obligation on the FDS Companies (other than notice and other similar ministerial obligations)).

9.5. Continued Liability

. Notwithstanding any other provision of this Agreement, (a) the FDS Companies shall remain liable under any

Contract with any GE/Macy's Account Debtor that relates to the Merchandise purchased by such GE/Macy's Account Debtor (as opposed to the GE/Macy's Credit Card Agreement, GE/Macy's Account or GE/Macy's Receivable), and to the extent set forth in such Contract, the FDS Companies shall perform all of their duties and obligations pursuant thereto to the same extent as if this Agreement had not been executed, (b) the exercise by GE Bank of any of its rights pursuant to this Agreement shall not release any FDS Company from any of its duties or obligations under any Contract with any GE/Macy's Account Debtor that relates to Merchandise purchased by such GE/Macy's Account Debtor, and (c) GE Bank shall not have any obligation or liability of any nature, secured or unsecured, whether fixed, contingent or otherwise, with respect to any Merchandise other than arising in connection with the repossession thereof by GE Bank or its Affiliates or designees and provided that the FDS Companies shall retain all rights they may have against any Person with respect to Merchandise manufactured or sold by such Person (including, without limitation, General Electric Company and its Affiliates).

9.6. Audit and Access Rights

. (a) In addition to the other rights set forth in this Agreement, each FDS Company shall, subject to the confidentiality provisions set forth in Section 12.1 hereof, (i) permit GE Bank and its designees, and their respective officers, employees, attorneys, accountants and/or other representatives during normal business hours with reasonable advance notice, in such a manner as to minimize interference with such FDS Company's normal business operations, to examine, audit, inspect, copy and make copies of all of the data, records, files and books of account (including, without limitation, non-financial information and any information relating to any calculation required to be made pursuant to the terms of this Agreement) under the control of such FDS Company relating to GE/Macy's Accounts, GE/Macy's Account Debtors, GE/Macy's Receivables and all aspects of the Program and the transactions contemplated by this Agreement, including without limitation, the identity of all Licensees, and (ii) use commercially reasonable efforts to facilitate GE Bank's exercise of such right. The FDS Companies shall use commercially reasonable efforts to deliver any document or instrument necessary for GE Bank to obtain such information from any Person maintaining records for the FDS Companies. The cost and expense of any such examinations shall be expenses of the Program to the extent such costs and expenses are related to work performed by GE Bank or Macy's Credit Services personnel to the extent such personnel are accounted for in the Operating Expense Budget for the applicable period. Notwithstanding anything to the contrary contained herein, FDS Bank shall not be required to provide GE Bank or any other Person with access to information or records to the extent that such access (A) is prohibited by applicable Law, (B) would violate contractual obligations or (C) could reasonably be expected to cause FDS Bank to be a consumer credit reporting agency (or be subject to any similar Laws with respect to consumer privacy) under state and/or federal Law. FDS Bank shall use commercially reasonable efforts (i) to facilitate the maximum level of access by GE Bank in light of constraints under applicable Law and (ii) without being required to incur any costs or expenses, to enter into Contracts that do not restrict FDS Bank's ability to provide GE Bank with access to information. No action taken by (or on behalf of) GE Bank pursuant to this Section 9.6(a) shall diminish or obviate any of the representations, warranties, covenants or agreements of any FDS Company contained herein. Employees of the FDS Companies shall be permitted to be present during the exercise by GE Bank of any of its audit and access rights under this Section 9.6(a).

(b) In addition to the other rights set forth in this Agreement, GE Bank shall, subject to the confidentiality provisions set forth in Section 12.1 hereof, (i) permit FDS and its designees, and their respective officers, employees, attorneys, accountants and/or other representatives, during

normal business hours with reasonable advance notice, in such a manner as to minimize interference with GE Bank's normal business operations, to examine, audit, inspect, copy and make copies of all of the data, records, files and books of account (including, without limitation, non-financial information and any information relating to any calculation required to be made pursuant to the terms of this Agreement) under the control of GE Bank and its Affiliates relating to GE/Macy's Accounts, GE/Macy's Account Debtors, GE/Macy's Receivables and all aspects of the Program and the transactions contemplated by this Agreement and (ii) use commercially reasonable efforts to facilitate FDS's exercise of such right. GE Bank shall use commercially reasonable efforts to deliver any document or instrument necessary for FDS to obtain such information from any Person maintaining records for GE Bank. The cost and expense of all such examinations shall be expenses of FDS. Notwithstanding anything to the contrary contained herein, GE Bank shall not be required to provide FDS or any other Person with access to information or records to the extent that such access (A) is prohibited by applicable Law, (B) would violate contractual obligations or (C) could reasonably be expected to cause GE Bank to be a consumer credit reporting agency (or be subject to any similar Laws with respect to consumer privacy) under state and/or federal Law. GE Bank shall use commercially reasonable efforts (i) to facilitate the maximum level of access by FDS in light of constraints under applicable Law and (ii) without being required to incur any costs or expenses, to enter into Contracts that do not restrict GE Bank's ability to provide FDS with access to information. No action taken by (or on behalf of) FDS pursuant to this Section 9.6(b) shall diminish or obviate any of the representations, warranties, covenants or agreements of GE Bank contained herein. Employees of GE Bank shall be permitted to be present during the exercise by the FDS Companies of their audit and access rights under this Section 9.6(b).

9.7. Exclusivity

. (a) Except for sales by converted stores solely to the extent permitted pursuant to Section 2.3(a), no FDS Company shall, directly or indirectly, accept, or permit to be accepted or utilized by any Person, for any Sales of Merchandise under the Macy's Tradename, any consumer credit, debit or charge account, card or program which carries, refers to or is co-branded with the Macy's Tradename, other than the FDS/Macy's Accounts and GE/Macy's Accounts. No FDS Company shall, directly or indirectly, encourage, promote, market or solicit the use of, for any Sales of Merchandise under the Macy's Tradename, any consumer credit, debit or charge account, card or program other than (i) pursuant to FDS/Macy's Accounts and GE/Macy's Accounts, subject to the provisions of Section 4.5 and (ii) credit provided by generally accepted multi-purpose credit or charge cards such as American Express, MasterCard, Visa and Discover, or generally accepted multi-purpose debit cards, provided such cards (x) are not co-branded with the Macy's Tradename and (y) are not owned, sponsored, marketed or originated by FDS Bank or any of its Affiliates.

(b) Notwithstanding the provisions of Section 9.7(a), the FDS Companies may, subject to the approval of the Policy Committee, accept for the Sale of Merchandise a Dual Use Card, provided that (i) the allocation of whether the Macy's Account portion of any such Dual Use Card shall be a GE/Macy's Account or an FDS/Macy's Account shall be made in accordance with the provisions of Article II and (ii) if any Dual Use Cards which carry a GE/Macy's Account are not purchased by FDS following termination of this Agreement, FDS shall either (A) have such cards reissued at FDS's cost so that the GE/Macy's Accounts shall be represented by separate cards or (B) pay, or reimburse GE Bank for, up to \$[OMISSION] of GE Bank's actual documented out-of-pocket costs and expenses incurred to so reissue such cards.

(c) [OMISSION].

9.8. Obligations Subject to Law

. Notwithstanding any other provision of this Agreement or any of the other Transaction Documents, all of GE Bank's and the FDS Companies' obligations hereunder and thereunder shall be subject to all provisions of applicable Law.

9.9. Dispute Resolution

. Any dispute which is required to be resolved pursuant to this Section 9.9 shall be resolved (i) by KPMG Peat Marwick as long as such firm is then being used by both GE Bank and FDS as their independent public accountants or (ii) if GE Bank and FDS are then both using another firm as their independent public accountants, by such other firm. If GE Bank and FDS are not then both using the same firm as their independent public accountants, GE Bank and FDS shall jointly select and engage an independent, nationally recognized certified public accounting firm (the "Independent Firm") to resolve any such disputes. If FDS and GE Bank do not jointly select an Independent Firm within five days after the end of any required reconciliation or discussion period, any such disputes shall be resolved by an Independent Firm selected by the President of the AAA or his designee. FDS and GE Bank and their respective accountants shall make readily available to the Independent Firm all relevant books, records, work papers and personnel reasonably requested by such Independent Firm. The resolution of all disputes, whether such resolution is reached by KPMG Peat Marwick, another firm used by both FDS and GE Bank, or the Independent Firm, shall be final and binding on FDS and GE Bank upon written notice thereof to each such party. The fees and expenses of any accounting firms used pursuant to this Section 9.9 shall be borne equally by GE Bank and FDS.

9.10. Certain Equipment

. Capital equipment which has been used exclusively for the Program [OMISSION] and which has been fully depreciated as an expense of the Program shall, when fully depreciated, become an asset of the Program. Upon termination of the Program, FDS may purchase, [OMISSION], all capital equipment (not including any applications software) (i) which has been, and as of the end of the Program is, used exclusively for the Program and (ii) with respect to which all depreciation has been charged as an expense of the Program. All costs and expenses of moving any such purchased equipment shall be borne by FDS.

ARTICLE

X.

INDEMNIFICATION

10.1. Indemnification by the FDS Companies

. (a) The FDS Companies, other than FDS Bank, jointly and severally, and FDS Bank, but only to the extent of any actions or omissions of FDS Bank or attributable to FDS Bank, shall indemnify and hold GE Bank, each of its Affiliates, and all officers, directors, employees and other agents of GE Bank and/or its Affiliates (collectively, the "GE Indemnified Parties"), harmless from and against any actions, suits, losses, liabilities, settlements, costs, expenses, including any reasonable attorneys' fees (collectively, "Damages") relating to, arising out of, or in connection with:

(i) the failure of any representation or warranty of any of the FDS Companies hereunder to be true and correct when made or remade;

(ii) the breach by any of the FDS Companies of any of their covenants or agreements hereunder;

(iii) the exercise by any of the FDS Companies of their audit and access rights pursuant to

Section 9.6 hereof;

(iv) any acts or omissions of GE Bank, its employees or any of its agents taken at the request of any Authorized FDS Person;

(v) any acts or omissions of any Licensee or any acts or omissions of any FDS Company with respect to any Licensee;

(vi) all advertising programs, materials and documentation prepared or conducted by any of the FDS Companies, including, without limitation, credit related advertising;

(vii) GE Bank imposing, contracting for and/or collecting (whether before or after the date hereof) in reliance on Ohio law finance charges, late fees, returned check fees or any other fees, charges, terms or conditions (including, without limitation, balance calculation methods and grace periods) (collectively, "Rate Exported Terms") on GE/Macy's Accounts as specified in the GE/Macy's Credit Card Agreement attached hereto as Exhibit C that GE Bank would not otherwise be permitted to impose, contract for and/or collect under the respective state laws of GE/Macy's Account Debtors in effect from time to time governing such imposition, contracting and/or collection; provided that if FDS requests GE Bank's approval in writing to reduce certain such fees or charges or alter certain such terms or conditions ("Specified Fees") to not greater than the amount identified by FDS, and GE Bank fails to so approve (initiation of consumer notification by GE Bank shall be deemed compliance with FDS directions), then FDS shall not be obligated to provide an indemnity pursuant to this clause (vii) with respect to damages arising out of or in connection with the failure of such Specified Fees to comply with such identified law;

(viii) any provision of the Credit and Collection Policy which is modified, amended, or waived by the FDS Companies without the prior written approval of the Policy Committee;

(ix) any Merchandise (other than with respect to the collectibility of the related GE/Macy's Receivable), including, without limitation, any product liability claims with respect thereto; and

(x) the credit line decrease strategy set forth in the Credit and Collection Policy.

(b) Notwithstanding the foregoing, the FDS Companies shall not have any obligation to indemnify or hold a GE Indemnified Party harmless from and against any Damages arising from any willful misconduct, negligence or unlawful act (other than, in the case of unlawful acts, those taken pursuant to instructions from an Authorized FDS Person) or omission of such GE Indemnified Party.

10.2. Indemnification by GE Bank

(a) GE Bank shall indemnify and hold the FDS Companies and each of their Affiliates, and all officers, directors, employees and other agents of the FDS Companies and/or their Affiliates (collectively, the "FDS Indemnified Parties"), harmless from and against any Damages relating to, arising out of, or in connection with:

(i) the failure of any representation or warranty of GE Bank hereunder to be true and correct when made or remade;

(ii) the breach by GE Bank of any of its covenants or agreements hereunder, provided that GE Bank shall not have any indemnity obligation pursuant to this Section

10.2(a)(ii) with respect to any covenants or agreements of GE Bank which are performed (or required to be performed) by any FDS Company or any of their agents except as provided in Section 10.2(a)(iv);

(iii) the exercise by GE Bank of its audit and access rights pursuant to Section 9.6 hereof;

(iv) any acts or omissions of any of the FDS Companies, their employees or any of their agents taken at the request of any Authorized GE Person;

(v) any provision of the Credit and Collection Policy which is modified, amended or restated by GE Bank without the prior written approval of the Policy Committee.

(b) Notwithstanding the foregoing, GE Bank shall not have any obligation to indemnify or hold an FDS Indemnified Party harmless from and against any Damages arising from any willful misconduct, negligence or unlawful act (other than, in the case of unlawful acts, those taken pursuant to instructions from an Authorized GE Person) or omission of such FDS Indemnified Party.

10.3. Notices Regarding Indemnification; Control of Proceedings

. Each party shall promptly notify the other party of any claim, demand, suit, or threat of suit of which that party becomes aware (except with respect to a threat of suit either party may institute against the other) which may give rise to a right of indemnification pursuant to this Agreement. The indemnifying party shall be entitled to control the defense thereof with counsel satisfactory to the indemnified party. In any case, the indemnified party shall have the right to participate in such defense. The indemnifying party shall not enter into any settlement, consent, decree, compromise or consent to injunctive relief with respect to such claim or action without the prior written consent of the indemnified party.

10.4. Limitation

. In no event shall either party be liable for special, exemplary or punitive damages for any damages caused by such party, except in the case of willful or intentional misconduct by such party.

ARTICLE

XI.

TERM AND TERMINATION

11.1. Term of Agreement

. (a) Unless otherwise sooner terminated pursuant to this Article 11, this Agreement shall remain in full force and effect until and including April 30, 2006 (the "Initial Term"). Thereafter, this Agreement shall be automatically renewed for successive one year terms (the term of this Agreement, as so renewed, being referred to herein as the "Extended Term") thereafter unless either FDS, on the one hand, or GE Bank, on the other hand, shall have delivered written notice to the other party in accordance with the provisions of Section 11.1(b) hereof of its election to terminate this Agreement at the expiration of the Initial Term or the Extended Term, as the case may be.

(b) In order to be effective, any notice of an election to terminate this Agreement at the expiration of the Initial Term must be delivered at least two years, but not more than three years, prior to the expiration of the Initial Term. In order to be effective, any notice of an election to terminate this Agreement at the expiration of any Extended Term must be delivered at least one year prior to the expiration of the Extended Term. For example, in order to terminate this Agreement

at the end of the Initial Term, notice must be delivered on or after April 30, 2003 and on or prior to April 30, 2004. In order to terminate this Agreement at the end of any Extended Term, notice must be delivered not later than the first day of such Extended Term.

11.2. GE Termination Rights

. The occurrence of any one or more of the following events (regardless of the reason therefor) shall constitute a "GE Termination Trigger":

(a) Any FDS Company or any Affiliate of an FDS Company shall fail to pay GE Bank or any Affiliate of GE Bank any Uncontested Amount when due and payable or declared due and payable, and such failure to pay shall remain unremedied for a period of 10 days after delivery of written demand therefor by GE Bank to FDS.

(b) (i) Any representation or warranty of the FDS Companies contained in this Agreement shall fail to be true and correct either as of the date hereof or on the date of any Remittance and the failure of such representation or warranty to be true and correct has an FDS Material Adverse Effect or (ii) any FDS Company shall fail to perform any of the covenants or agreements required to be complied with and performed by such FDS Company pursuant to this Agreement, and such failure has an FDS Material Adverse Effect and shall not in the case of either (i) or (ii) have been cured within 75 days after delivery of written notice thereof by GE Bank to FDS, provided that GE Bank expressly acknowledges and agrees that the failure of any FDS Company to perform any of its covenants, agreements or obligations to provide servicing (i) in the event the GE Capital/GE Bank Services Agreement terminates and the provisions of Section 4.10 hereof become applicable or (ii) in the event GE Bank's right to provide the Collection Services pursuant to Annex I terminates and FACS or an Affiliate performs Collection Services, shall not under any circumstances constitute a GE Termination Trigger.

(c) An Event of Bankruptcy shall have occurred with respect to any FDS Company.

(d) One or more defaults shall have occurred under any agreements, indentures or instruments under which any FDS Company then has outstanding indebtedness in excess of \$[OMISSION], and, in any such case, such default (i) continues beyond any period of grace provided with respect thereto and (ii) results in such indebtedness becoming due prior to its stated maturity or occurs at the final maturity of such indebtedness.

(e) A judgment shall have been entered against any FDS Company or any Affiliate of any FDS Company by a Governmental Authority which judgment creates a liability of \$[OMISSION] or more in excess of insured amounts and has not been stayed (by appeal or otherwise), vacated, discharged, or otherwise satisfied within 60 days of the entry of such judgment.

(f) GE/Macy's Accounts, GE/Macy's Receivables, GE/Macy's Charge Slips or proceeds thereof in an aggregate amount of \$[OMISSION] or more shall be (or shall purportedly be) (i) attached, seized, levied upon or subject to a writ by a creditor of any Retailer, or shall come within the possession of any receiver, trustee, custodian, or assignee for the benefit of creditors of any Retailer or (ii) subject to any Lien directly or indirectly arising by, through or on account of any Retailer or any creditor thereof which has arisen in the ordinary course of business of the FDS Companies and which has not been released or discharged within 60 days after the creation thereof.

(g) GE/Macy's Gross Receivables shall be less than \$[OMISSION] and shall remain less than \$[OMISSION] for a

period of longer than 30 days.

(h) The line of business of the Divisions, taken as a whole, shall be materially different from the operation of retail department or specialty stores offering a wide assortment of merchandise with a substantial focus on medium to higher priced lines.

(i) Any Retailer shall implement or participate in, directly or indirectly, any Non-Permitted Credit Program and such implementation or participation shall continue for a period of greater than 30 days after the earlier of (i) actual knowledge thereof by any officer of FDS or (ii) the delivery of written notice thereof by GE Bank to FDS.

(j) Any of the FDS Companies shall have assigned this Agreement in a manner not permitted by Section 12.6.

(k) GE Bank shall have exercised its right to terminate this Agreement pursuant to Annex I hereto.

(l) Net Credit Sales generated by Licensees shall constitute more than 5% of Net Credit Sales in any fiscal quarter.

11.3. GE Bank's Rights Following a GE Termination Trigger

. If any GE Termination Trigger shall have occurred and be continuing, GE Bank, in its sole discretion, may (i) terminate this Agreement by delivering written notice to FDS setting forth the basis for termination and the effective date of termination and/or (ii) exercise any other rights or remedies available to it at Law or in equity, subject to the terms of this Agreement, provided that GE Bank expressly acknowledges and agrees that (x) under no circumstances shall it have a right to terminate this Agreement due to the failure of any FDS Company to perform any of its covenants, agreements or obligations to provide servicing in the event the GE Capital/GE Bank Services Agreement terminates and the provisions of Section 4.10 hereof become applicable or in the event GE Bank's right to provide the Collection Services pursuant to Annex I terminates and FACS or an Affiliate performs Collection Services and (y) no provisions of this Agreement other than those referred to in clause (x) shall be applicable with respect to any servicing performed or to be performed by any FDS Company.

11.4. FDS Termination Rights

. The occurrence of any one or more of the following events (regardless of the reason therefor) shall constitute an "FDS Termination Trigger":

(a) GE Bank shall fail to pay to any FDS Company or any Affiliate of any FDS Company any Uncontested Amount when due and payable or declared due and payable, and such failure to pay shall remain unremedied for a period of 10 days after delivery of written demand therefor by FDS to GE Bank.

(b) (i) Any representation or warranty of GE Bank contained in this Agreement shall fail to be true and correct either as of the date hereof or on the date of any Remittance and the failure of such representation or warranty to be true and correct has a GE Material Adverse Effect (it being agreed that the representations and warranties set forth in Section 7.9 shall be deemed not to be representations or warranties of GE Bank for purposes of this Section 11.4(b)) or (ii) GE Bank shall fail to perform any of the covenants or agreements required to be complied with and performed by GE Bank pursuant to this Agreement and such failure has a GE Material Adverse Effect and shall not in the case of either (i) or (ii) have been cured within 75 days after delivery of written notice thereof by FDS to GE Bank, provided that each of the FDS Companies expressly acknowledges

and agrees that neither (x) the failure of GE Bank to perform any of its covenants, agreements or obligations set forth in Section 4.1 hereof or Annex I hereto nor (y) the failure of GE Bank to perform any of its covenants, agreements or obligations to provide servicing in the event the FACS Services Agreement terminates and the provisions of Section 4.9 hereof become applicable, shall under any circumstances constitute an FDS Termination Trigger.

(c) An Event of Bankruptcy shall have occurred with respect to GE Bank.

(d) One or more defaults shall have occurred under any agreements, indentures or instruments under which GE Bank then has outstanding indebtedness in excess of \$[OMISSION], and, in any such case, such default (i) continues beyond any period of grace provided with respect thereto and (ii) results in such indebtedness becoming due prior to its stated maturity or occurs at the final maturity of such indebtedness.

(e) A judgment shall have been entered against GE Bank by a Governmental Authority which judgment creates a liability of \$[OMISSION] or more in excess of insured amounts and has not been stayed (by appeal or otherwise), vacated, discharged, or otherwise satisfied within 60 days of the entry of such judgment.

(f) GE Bank shall have assigned this Agreement in a manner not permitted by Section 12.6.

(g) GE Bank and its Affiliates shall be prohibited by Law from performing Key Credit Activities with respect to GE/Macy's Accounts for which the Average GE/Macy's Gross Receivables for the 12-month period immediately prior to the date GE Bank and its Affiliates are so prohibited, equaled or exceeded, in the aggregate, 25% of the Average GE/Macy's Gross Receivables for such immediately prior 12-month period for all GE/Macy's Accounts.

11.5. FDS's Rights Following an FDS Termination Trigger

. If any FDS Termination Trigger shall have occurred and be continuing, FDS, in its sole discretion, may (i) terminate this Agreement by delivering written notice to GE Bank setting forth the basis for termination and the effective date of termination and/or (ii) exercise any other rights or remedies available to it at Law or in equity, subject to the terms of this Agreement, provided that each of the FDS Companies expressly acknowledges and agrees that (A) under no circumstances shall any of them have a right to terminate this Agreement due to (x) the failure of GE Bank to perform any of its covenants, agreements or obligations set forth in Section 4.1 hereof or Annex I hereto or (y) the failure of GE Bank to perform any of its covenants, agreements or obligations to provide servicing in the event the FACS Services Agreement terminates and the provisions of Section 4.9 hereof become applicable and (B) no provisions of this Agreement other than those referred to in clauses (x) and (y) shall be applicable with respect to any servicing performed or to be performed by GE Bank or its designees.

11.6. FDS Purchase of GE/Macy's Accounts and GE/Macy's Receivables Following Termination

. (a) In the event that this Agreement expires by its terms or is terminated earlier for any reason, FDS shall have the right, exercisable by delivery of written notice to GE Bank, to purchase all of the GE/Macy's Accounts and GE/Macy's Receivables included on the Master File owned by GE Bank as of such date, for a purchase price as determined in accordance with Section 11.7. In order to be effective, any notice of an election to require GE

Bank to sell its GE/Macy's Accounts and GE/Macy's Receivables pursuant to this Section 11.6 must be irrevocable and delivered by FDS to GE Bank (A) in the event this Agreement is terminated by FDS, simultaneously with delivery of FDS's written notice of termination, or (B) in the event this Agreement is terminated by GE Bank, within 10 Business Days after delivery of GE Bank's written notice of termination. If FDS delivers an effective notice of election pursuant to this Section 11.6(a), the parties shall use their commercially reasonable efforts to close the purchase and sale of the GE/Macy's Accounts and GE/Macy's Receivables within 90 days after GE Bank's receipt of the notice of election and such closing shall, in any event, take place within 180 days after GE Bank's receipt of such notice, provided that if this Agreement is terminated due to expiration of the Initial Term or any Extended Term, and FDS has delivered an effective notice of election pursuant to this Section 11.6(a), the purchase and sale of the GE/Macy's Accounts and GE/Macy's Receivables shall occur simultaneously with such expiration.

(b) Upon any termination of this Agreement, should FDS not have elected to purchase all of the GE/Macy's Accounts and GE/Macy's Receivables pursuant to Section 11.6(a), (i) GE Bank shall have the right, in addition to and retaining all other rights it may have under the terms of this Agreement or applicable Law, to liquidate such GE/Macy's Accounts and GE/Macy's Receivables in any such lawful manner which may be expeditious or economically advantageous to GE Bank including, without limitation, the issuance of replacement or substitute GE/Macy's Credit Cards, and the sale of such GE/Macy's Accounts and GE/Macy's Receivables to any Person not a party to this Agreement, and (ii) the FDS Companies expressly agree to cooperate with GE Bank and take any action reasonably necessary to effectuate any such liquidation or replacement or substitute GE/Macy's Credit Card issuance in an orderly manner, including, without limitation, accepting the GE/Macy's Credit Cards for up to 36 months following the effective date of termination and/or taking any other action as GE Bank may reasonably require to encourage use or acceptance of such replacement or substitute cards.

11.7. Calculation of Purchase Price for GE/Macy's Accounts and GE/Macy's Receivables

(a) If this Agreement is terminated (i) due to expiration of the Initial Term or any Extended Term in accordance with Section 11.1, (ii) as a result of any of the FDS Termination Triggers set forth in Section 11.4 or (iii) as a result of the GE Termination Triggers set forth in Sections 11.2(g), (h), (k) or (l), the purchase price to be paid by FDS for the GE/Macy's Accounts and GE/Macy's Receivables shall be an amount equal to the Net Book Value of the GE/Macy's Accounts as of the purchase date. If this Agreement is terminated as a result of any of the GE Termination Triggers set forth in Sections 11.2(a), (b), (f), (i) or (j), the purchase price to be paid by FDS for the GE/Macy's Accounts and Receivables shall be an amount equal to the Net Book Value of the GE/Macy's Accounts and the GE/Macy's Receivables as of the purchase date plus an amount equal to [OMISSION]% thereof if the purchase occurs during the 1996 or 1997 fiscal year, [OMISSION]% thereof if the purchase occurs during the 1998 or 1999 fiscal year, [OMISSION]% thereof if the purchase occurs during the 1999 or 2000 fiscal year, [OMISSION]% thereof if the purchase occurs during the 2000 or 2001 fiscal year, [OMISSION]% thereof if the purchase occurs during the 2001 or 2002 fiscal year, and [OMISSION]% thereof if the purchase occurs thereafter. If this Agreement is terminated as a result of any of the GE Termination Triggers set forth in Sections 11.2(c), (d) or (e), the purchase price to be paid by FDS for the GE/Macy's Accounts and GE/Macy's Receivables shall be an amount equal to the Net Book Value thereof as of the purchase date plus an amount equal to [OMISSION]% thereof.

(b) GE Bank shall deliver to FDS, not less than five Business Days prior to the date any GE/Macy's Accounts and

GE/Macy's Receivables are to be purchased by FDS pursuant to Section 11.6 (the "Closing Date"), a written statement setting forth in reasonable detail GE Bank's good faith calculation of the purchase price for such GE/Macy's Accounts and GE/Macy's Receivables in accordance with the provisions of Section 11.7(a) (the "Purchase Price"). The purchase price to be paid by FDS for any GE/Macy's Accounts and GE/Macy's Receivables purchased on the Closing Date shall be equal to the Purchase Price.

(c) For 20 Business Days after the Closing Date (the "Purchase Price Audit Period"), FDS shall, subject to the provisions of Section 12.1, be permitted to have reasonable access, during normal business hours, with reasonable notice, in such a manner as to minimize interference with normal business operations, to examine the records, files and books of account of GE Bank to the extent reasonably necessary to confirm the Purchase Price. If FDS does not deliver written notice to GE Bank within five days after the end of a Purchase Price Audit Period which states that FDS objects to the Purchase Price, and setting forth in reasonable detail the basis for such objection (a "Purchase Price Dispute Notice"), the Purchase Price shall be deemed to have been accepted by FDS and shall be final and binding on the parties.

(d) If FDS delivers to GE Bank a Purchase Price Dispute Notice within five days of the end of any Purchase Price Audit Period, FDS and GE Bank shall work together for a period of 10 days after GE Bank's receipt of the Purchase Price Dispute Notice to attempt to reach agreement on the Purchase Price. If FDS and GE Bank are unable to agree on the Purchase Price within such 10-day period, the dispute shall be resolved pursuant to the provisions of Section 9.9. The Purchase Price, as either agreed to (or deemed agreed to) by FDS and GE Bank, or finalized pursuant to Section 9.9, shall be referred to as the "Final Purchase Price."

(e) If the Purchase Price paid by FDS exceeds the Final Purchase Price then GE Bank shall pay FDS within three Business Days of the date the Purchase Price became the Final Purchase Price, an amount equal to such excess (plus interest on such excess at the Prime Rate, calculated from and including the Closing Date until but excluding the date of such settlement). If the Purchase Price paid by FDS is less than the amount of the Final Purchase Price then FDS shall pay GE Bank within three Business Days of the date the Purchase Price became the Final Purchase Price, an amount equal to such deficiency (plus interest on such deficiency at the Prime Rate, calculated from and including the Closing Date until but excluding the date of such settlement).

(f) Upon the receipt by GE Bank of the Purchase Price, GE Bank shall transfer to FDS all right, title, and interest in the GE/Macy's Accounts and GE/Macy's Receivables to FDS, together with all GE/Macy's Account Documentation and GE/Macy's Credit Card Documentation and all other records and documentation relating to the GE/Macy's Accounts. GE Bank agrees to cooperate in all reasonable respects to effectuate the transfer.

11.8. No Cross Default

. The parties hereto expressly acknowledge and agree that no default under, noncompliance with, or breach of, the FACS Services Agreement or the GE Capital Services Agreement by any party thereto shall constitute a default hereunder or give any party hereto any right to cancel, terminate or suspend this Agreement.

ARTICLE XII. GENERAL

12.1. Confidentiality

. (a) From and after the date hereof, the FDS Companies shall (and shall use their commercially reasonable efforts to cause their respective Affiliates, directors, officers, employees, representatives and other agents to) hold in confidence, not utilize for any purpose not expressly contemplated hereby, and not disclose to any Person not a party to this Agreement, proprietary or non-public information or documents obtained from GE Bank or its Affiliates, directors, officers, employees, representatives and other agents.

(b) From and after the date hereof, GE Bank shall (and shall use its commercially reasonable efforts to cause its Affiliates, directors, officers, employees, representatives and other agents to) hold in confidence, not utilize for any purpose not expressly contemplated hereby, and not disclose to any Person not a party to this Agreement (other than an Affiliate of GE Bank that agrees to be bound by the provisions of this Section 12.1), any proprietary or non-public information or documents obtained from any FDS Company. GE Bank's duty of confidentiality contained herein is specifically intended to apply, without limitation, to the GE/Macy's Account Debtor List (which shall be deemed proprietary information of FDS) maintained in connection with GE/Macy's Account Debtors, provided that nothing contained in this Section 12.1 shall limit GE Bank's right to utilize such information as provided in this Agreement.

(c) Notwithstanding the provisions of paragraphs (a) and (b) of this Section 12.1, nothing contained in this Agreement shall limit the right of any party to disclose any information (i) as required by Law or by any Governmental Authority, (ii) if such information becomes public knowledge, other than due to a breach by such party of Sections 12.1(a) or (b), (iii) to the extent that such information is disclosed to recover the GE/Macy's Receivables or amounts owing hereunder from another party hereto, (iv) for purposes of effecting any securitization or participation in accordance with the provisions of Section 9.4, except for any proprietary or non-public information with respect to FDS or any information with respect to FDS/Macy's Accounts or FDS/Macy's Account Debtors on an individual (as opposed to a pooled) basis or (v) with the prior written consent of the party whose information is proprietary or non-public; provided, however, that the financial terms of this Agreement and the Transaction Documents may not be disclosed by GE Bank (other than to an Affiliate, director, officer, employee, representative or other agent of GE Bank on a need-to-know basis) or the FDS Companies (other than to an Affiliate, director, officer, employee, representative or other agent of the FDS Companies on a need-to-know basis), in each case, except in the circumstances described in clauses (i) and (ii) of this Section 12.1(c), to any Person if there are practical ways, determined after consultation between GE Bank and FDS, of avoiding such disclosure and provided, further, that GE Bank shall not disclose such information to any retail competitor of any FDS Company and the FDS Companies shall not disclose such information to any financial service competitor of GE Bank (except, in either case, in the circumstances described in clauses (i) and (ii) of this Section 12.1(c)). Prior to disclosing any proprietary or non-public information of another party hereto to any Person pursuant to the provisions of this Section 12.1(c), the party making such disclosure shall give prior notice to the appropriate party of the nature of such disclosure and of the fact that such disclosure will be made. The FDS Companies and GE Bank agree that prior to filing any copies of this Agreement with any Governmental Authority they will consult with each other with respect to redacting, to the maximum extent practicable and consistent with applicable Law, portions of this Agreement.

12.2. Specific Performance

. (a) The FDS Companies acknowledge that GE Bank will be irreparably harmed and GE Bank will have no adequate remedy at

Law if the FDS Companies fail to perform any of their material obligations under this Agreement. It is accordingly agreed that, in addition to any other remedies which may be available at Law or in equity, GE Bank shall have the right to obtain injunctive relief to restrain a breach or threatened breach of, or otherwise obtain specific performance of, such obligations of the FDS Companies.

(b) GE Bank acknowledges that the FDS Companies will be irreparably harmed and the FDS Companies will have no adequate remedy at Law if GE Bank fails to perform any of its material obligations under this Agreement. It is accordingly agreed that, in addition to any other remedies which may be available at Law or in equity, the FDS Companies shall have the right to obtain injunctive relief to restrain a breach or threatened breach of, or otherwise obtain specific performance of, such obligations of GE Bank.

12.3. Waivers

. Any party hereto may, by written notice to the other parties hereto, (a) extend the time for the performance of any of the obligations or other actions of any other party under this Agreement; (b) waive any inaccuracies in the representations or warranties of any other party contained in this Agreement or in any document delivered pursuant to this Agreement; (c) waive compliance with any of the conditions or covenants of any other party contained in this Agreement; or (d) waive or modify performance of any of the obligations of any other party under this Agreement. Except as provided in the preceding sentence, no action taken pursuant to this Agreement, including any investigation by or on behalf of any party hereto, shall be deemed to constitute a waiver by the party taking such action of compliance with any representation, warranty, covenant or agreement contained herein. No failure on the part of any party hereto to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise or waiver of any such right preclude any other or further exercise thereof. The waiver by any party hereto of any condition or of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other condition or other breach. The waiver by any party of any of the conditions precedent to its obligations under this Agreement shall not preclude it from seeking redress for breach of this Agreement other than with respect to the condition so waived.

12.4. Entire Agreement; Amendments

. This Agreement and the other Transaction Documents embody the entire agreement between the parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings, oral or written, with respect thereof. This Agreement may not be amended, modified or changed orally, but only by an agreement in writing signed by all of the parties hereto. The parties hereto agree that use of the Marks (as defined in the Amended and Restated Trademark Agreement) shall be governed solely by the Amended and Restated Trademark Agreement.

12.5. Binding Effect

. This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective legal representatives, successors and permitted assigns. The FDS Companies shall not, directly or indirectly, in one transaction or a series of related transactions, sell or otherwise transfer for value all or substantially all of the FDS Companies' assets to one Person or to a "group" of Persons (as such term is defined for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended), unless such Person or "group" of Persons shall have executed and delivered an instrument or instruments satisfactory to GE Bank pursuant to which such Person or "group" of Persons shall, upon consummation of such sale or transfer for

value, assume all of the FDS Companies' rights and obligations hereunder.

12.6. Assignment

. Neither this Agreement nor any of the rights or obligations hereunder may be transferred or assigned by GE Bank, on the one hand, or any of the FDS Companies, on the other hand, without the prior written consent of the other, except that (a) in the case of a proposed assignment by GE Bank to an Affiliate, the consent of the FDS Companies shall not be unreasonably withheld and (b) GE Bank may assign its rights with respect to the GE/Macy's Receivables in order to effect a securitization or participation thereof. Any assignments or transfers by any of the FDS Companies shall not relieve the assigning or transferring party from its obligations hereunder and the assignee or transferee of this Agreement shall assume, by instrument reasonably acceptable to GE Bank, the assignor's obligations under this Agreement theretofore and thereafter arising. Any assignment or transfer by GE Bank or its assignees to an Affiliate of GE Bank shall relieve GE Bank or such assignee or transferee of its obligations hereunder and such party shall no longer be a party to this Agreement; provided, that the assignee or transferee assumes, by instrument reasonably satisfactory to FDS, all of the assignor's obligations under this Agreement theretofore and thereafter arising. GE Bank agrees that the provisions of this Section 12.6 shall not prohibit any merger, consolidation, split up or similar reorganization transaction of any FDS Company with any other FDS Company as long as (i) FDS provides GE Bank with not less than 30 days prior written notice of any such merger, consolidation, split up or similar reorganization transaction, (ii) prior to such merger, consolidation, split up or similar reorganization transaction, FDS executes (or causes to be executed) and delivers to GE Bank such documents, certificates or other instruments as GE Bank shall reasonably require to assure that the party surviving such transaction shall be bound by the terms of this Agreement and the other Transaction Documents to the extent applicable and (iii) FDS has executed and delivered to GE Bank all such instruments as GE Bank shall reasonably require to assure that the FDS Guaranty shall continue to be applicable with respect to such surviving entity and all other FDS Companies.

12.7. Headings

. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

12.8. Counterparts

. This Agreement may be executed in any number of counterparts, each of which, when executed, shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

12.9. Governing Law

. The validity, performance and enforcement of this Agreement shall be governed by the Laws of the State of New York, without giving effect to the principles of conflicts of law thereof.

12.10. Waiver of Jury Trial

. (a) Each of the parties hereto shall, and hereby does, waive trial by jury in any action or proceeding involving any of the parties hereto on any matters whatsoever arising out of or in any way connected with this Agreement or the Transaction Documents; provided that such waiver shall not apply to cross claims in any bona fide action originally involving a third party and a jury trial or any bona fide action brought by a third party against one or more of the parties hereto and involving a jury trial.

(b) The FDS Companies (i) consent and submit to the jurisdiction of the Courts of the State of New York and of the Courts of the United States for the Southern District of New York for all purposes of this Agreement and the Transaction Documents, including, without limitation, any action or proceeding instituted for the enforcement of any right, remedy, obligation or liability arising under or by reason hereof or thereof; and (ii) consent and submit to the venue of such action or proceeding in the City and County of New York (or such judicial district of a Court of the United States as shall include the same).

(c) GE Bank (i) consents and submits to the jurisdiction of the Courts of the State of New York and of the Courts of the United States for the Southern District of New York for all purposes of this Agreement and the Transaction Documents, including, without limitation, any action or proceeding instituted for the enforcement of any right, remedy, obligation or liability arising under or by reason hereof or thereof; and (ii) consents and submits to the venue of such action or proceeding in the City and County of New York (or such judicial district of a Court of the United States as shall include the same).

12.11. Separability

. Any term or provision of this Agreement which is invalid or unenforceable shall be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement.

12.12. Announcements

. GE Bank and the FDS Companies agree that neither GE Bank nor any FDS Company shall make any publicity release or public announcement concerning this Agreement or the Transaction Documents or the transactions contemplated hereby or thereby without the prior approval of the other party, except as may be required by Law.

12.13. Payments

. All payments and Remittances required to be made to any of the parties hereunder shall, unless the applicable provision expressly provides for an alternative means of payment, be made by wire transfer of immediately available United States funds to an account or accounts designated by the party to be paid.

12.14. Survival

. Notwithstanding any other provision of this Agreement, Sections 2.5 (last full sentence only), 3.4, 3.5, 3.9, 3.10, 4.6, 6.10, 8.2(e), (f) and (g) (each for so long as there shall be any GE/Macy's Receivables owned by GE Bank), Sections 9.1, 9.5, 9.9, 9.10, Article X, Sections 11.6, 11.7, 12.1, 12.10, 12.14 and 12.18 hereof, and Sections 3.4 and 5 of Annex I shall survive any termination of this Agreement.

12.15. Relationship of Parties

. Nothing herein contained shall be deemed or construed to create a partnership or joint venture between the parties hereto. Each party shall be responsible for its own employees.

12.16. Notices

. Any notice required or permitted under this Agreement shall be given in writing and (i) hand delivered or mailed, by certified or registered mail, return receipt requested, and (ii) sent by facsimile to the following addresses:

(a) If to FDS or the FDS Companies (other than FDS

Bank):

Federated Department Stores, Inc.
7 West Seventh Street
Cincinnati, OH 45202
Attn: Law Department
Fax: (513) 579-7897

(b) If to FDS Bank:

FDS National Bank
9111 Duke Blvd.
Mason, OH 45040
Fax: (513) 573-2039

with a copy to:

Federated Department Stores, Inc.
7 West Seventh Street
Cincinnati, OH 45202
Attn: Law Department
Fax: (513) 579-7897

and to:

FACS Group, Inc.
9111 Duke Blvd.
Mason, OH 45040
Attn: Senior Vice President - Operations
Fax: (513) 573-2039

(c) If to GE Bank:

GE Capital Consumer Card Co.
5300 Kings Island Drive
Mason, OH 45040
Attn: Secretary
Fax: (513) 459-6888

with a copy to:

General Electric Capital Corporation
1600 Summer Street
Stamford, CT 06905
Attn: Counsel, Retailer Financial Services
Fax: (203) 357-3353

and to:

Macy's Credit Services
4605 Duke Drive
Mason, OH 45040
Attn: Executive Vice President
Fax: (513) 573-3251

Any party may, by notice to the other parties hereto, change the address designated above.

12.17. Compliance with Antitrust Laws

. The parties hereto agree that, as necessary, each shall take appropriate actions to ensure continued compliance with all applicable antitrust laws, including, but not limited to, limitations as to which employees of which party may receive confidential cost information, or information regarding joint marketing practices.

12.18. Cooperation with Governmental Authorities

. Each of GE Bank, on the one hand, and the FDS Companies, on the other hand, agree to cooperate with each other,

and each other's Affiliates, and their respective attorneys, agents and other representatives in connection with any inquiry, proceeding or investigation of, or examination by, any Governmental Authority relating to GE Bank or the FDS Companies, as the case may be, or any of their respective Affiliates, employees, agents or other representatives, including, without limitation, inquiries, proceedings, investigations and examinations by any state or federal banking regulators.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, have entered into this Agreement as of the day and year first above written.

GE CAPITAL CONSUMER CARD CO.

By: /s/ Kevin Knight
Name: Kevin Knight
Title: Executive Vice
President

FEDERATED DEPARTMENT

STORES, INC.

By: /s/ Ronald W. Tysoe
Name: Ronald W. Tysoe
Title: Vice Chairman and
Chief Financial Officer

FDS NATIONAL BANK

By: /s/ James R. Gudmens
Name: James R. Gudmens
Title: President

MACY'S EAST, INC.

By: /s/ Robert C. Seppelt
Name: Robert C. Seppelt
Title: Vice President

MACY'S WEST, INC.

By: /s/ Robert C. Seppelt
Name: Robert C. Seppelt
Title: Vice President

BULLOCK'S, INC.

By: /s/ Robert C. Seppelt
Name: Robert C. Seppelt
Title: Vice President

BROADWAY STORES, INC.

By: /s/ Robert C. Seppelt
Name: Robert C. Seppelt
Title: Vice President

FACS GROUP, INC.

By: /s/ Robert C. Seppelt
Name: Robert C. Seppelt
Title: Vice President

MSS-DELAWARE, INC.

By: /s/ Robert C. Seppelt
Name: Robert C. Seppelt
Title: Vice President

Exhibit A
Account Sharing Formulas and Examples
[OMISSION]

Exhibit B
Monthly Adjustment Certificate

The undersigned [agree] [believe] that actual performance of the Program last month [exceeded] [underperformed] budgeted performance for such month. In addition, the undersigned [agree] [believe] that based upon all current facts and circumstances actual performance of the Program for the remaining portion of the current budget period is likely to [exceed] [underperform] the current budget for such period. The undersigned therefore intend to adjust the budget for each of the future months in the remaining portion of the current budget period as described below. Such adjustment will be prospective only and applied only with respect to future remittances (i.e., will be applicable only to future months and will not "make-up" for prior months) so that if actual performance for such months equals adjusted budgeted performance for such months, GE Bank will receive the Target Return for each of such future months.

[Describe adjustments, including comparative historic performance and rationale for deviations from budgeted or adjusted amounts in each line item]

[Federated Department Stores, Inc.]	[GE Capital Consumer Card Co.]
[By:_____]	[By:_____]

Exhibit C

GE/Macy's Credit Card Agreement

This certificate entitles you to
10% Off
All Day
Today

This certificate is not transferable and can be used only when validated by a Macy's sales associate on the date printed above

Just open a Macy's charge account
with any sales associate*

Plus: As our Preferred Charge Customer, you'll have all
these advantages:

- - No annual fee
- - No Interest when balance is paid off monthly
- - 10% off coupon for your first purchase when your permanent card arrives
- - Accountgard (Optional insurance available to protect your account)

Macy's Express Credit Temporary Pass

Acct No.

Customer Name

Id Type Number Exp Date

Customer
Signature

***Subject to credit approval "10% off" applies to purchases on your new Macy's account today only, and does not include Electronics, Gifts/Merchandise Certificates and Non-Merchandise departments. Not valued during Fine Jewelry Bonus events, on prior purchases or other specified sales events. Certificate cannot be combined with other coupons. Employees not eligible. macy's Charge Account Application**

If ANY of the following apply, please check the box(es) and fill in the information below.

☐ Joint Account ☐ Recent Name Change ☐ Recently Moved
☐ College Student

Primary Account Name (First, Initial, Last) Date of Birth
Month Day Year

Social Security Number () Home Phone (Required)

Present Address/Street/Apt. # (If P.O. Box, include residential street # and name)

City State Zip Code

Employer or Firm Name

Business Phone Number ()

Annual Household Income Relied on for Repayment*

A ☐ Less than \$12,000 B ☐ \$12,000 to \$30,000 C ☐ \$30,001 to \$60,000 D ☐ Over \$60,000

*Alimony, child support, spouse's income, separate maintenance or other income need not be included if you do not wish to have it considered as a basis for repaying this obligation

Previous or Permanent Address/Street/Apt. #

City State Zip Code

Joint Applicant - Name Social Security Number

Joint Applicant Present Address Zip Code

Complete if you checked College Student Above: Class Status
 Name of College ☐ Freshman ☐ Sophomore ☐ Junior
 ☐ Senior ☐ Other

SIGN HERE

You have read and agree to be bound by the accompanying Federal and State Notices and terms of the attached Macy's Credit Card Agreement, each of which are incorporated by reference in and made a part of this Application

X
Applicant's Signature Date

X

Joint Applicant's Signature

Date

ACCOUNTGARD PROTECTION PLAN

If you sign below, you request enrollment in the Accountgard Insurance Program providing Credit Life. Disability and Involuntary Unemployment Insurance coverage on your Account to the extent available in your state. By signing below, you also acknowledge that (1) THIS INSURANCE IS VOLUNTARY AND NOT REQUIRED TO OBTAIN CREDIT FROM US AND WILL NOT BE PROVIDED UNLESS YOU SIGN AND AGREE TO PAY THE ADDITIONAL COST; (2) You have reviewed the premium rates, coverages, age qualifications and conditions shown in the Summary of Insurance Coverage accompanying this Application. (3) As described in the Summary of Insurance Coverages, not all are available in every state. If you wish to obtain one or more types of insurance coverage separately please see the accompanying "Summary of Insurance Coverages".

X

Signature of Primary Accountholder Date

FOR PENNSYLVANIA RESIDENTS ONLY: The Pennsylvania Insurance Department requires that the following questions be asked for insurance purposes only: Do you work for salary or wages 35 hours or more per week for at least 9 months of the year? ☐ Yes ☐ No
FOR VIRGINIA AND WISCONSIN RESIDENTS ONLY: If you would like to enroll in Accountgard check the following box and we will send you an application ☐

FOR STORE USE ONLY

Store Associate Enter Customer's Account Number here

☐ ANA _____ ☐ RAV _____

Sales Associate Name/Number

Store No. G

MACY'S W (4/96) 1059-AN

SUMMARY OF INSURANCE COVERAGES

LIFE BENEFITS: If you or your co-accountholder (spouse, if no co-accountholder) die, Accountgard will pay the outstanding balance on your account as of the date of death, up to the master policy maximum of \$10,000. Except in MD and MO suicide is excluded for up to 2 years, depending on your state, see your certificate for details. Single Life only in MA.

DISABILITY/UNEMPLOYMENT BENEFITS: In most states, if you become disabled through an accident or illness, and are under a doctor's care and cannot work, or become involuntarily unemployed, Accountgard will pay your account balance as of the date of loss after 90 consecutive days of unemployment or disability. In NJ, NY, NC, PA and TX, after 30 consecutive days of unemployment or disability. Chargegard pays your scheduled minimum monthly payment based on your outstanding balance as of the date of loss, while you are unemployed or disabled, and will continue until your balance is paid off, you return to work, or you reach the master policy limits of \$10,000, whichever occurs first. Retirement is not covered. Strikes and labor disputes are not covered in AR, IL, KS, NY, and WV. Disability coverage is not available in ID. Unemployment coverage is not available in MN. Unemployment benefits re limited to 6 months in NY; 12 months in PA.

You are eligible for these coverages if you are employed full-time in a non-seasonal occupation. This seasonal restriction does not apply in MT, NM, NY, PA and WI. In AZ, CA, MD, NJ, TX and OR this seasonal restriction only applies to unemployment coverage and in MI and NC this seasonal restriction only applies to disability coverage. These benefits are not available to the co-accountholder. Additional exclusions apply. Please read your certificate carefully.

COST OF COVERAGE: The monthly premium will be \$1.50 per \$100 of your outstanding balance in most states, exceptions: \$1.80 in MI; \$1.66 in AR; \$1.499 in MA; \$1.495 in UT; \$1.494 in VA; \$1.49 in AZ and CA; \$1.48 in WI; \$1.467 in VT; \$1.43 in SC; \$1.37 in NM;

\$1.34 in CT; \$1.33 in AL; \$1.306 in WA; \$1.284 in ME; \$1.275 in OR; \$1.255 in GA; \$1.245 in FL; \$1.242 in NH; \$1.081 in HI; \$1.07 in ID; 48.4 cents in NY; 64.6 cents in NC; 60 cents in NJ; 63.08 cents in PA; 49.0 cents in IA; 42.7 cents in TX; 33.6 cents in MN.

TERMS OF INSURANCE: This coverage becomes effective on the date you elect the insurance. It stops if (1) you are more than 90 days late in making the required account payment; (2) you ask for it to stop, in writing; (3) your insurance is terminated according to its terms.

Maximum enrollment age is 64 in all states, except age 65 in CO, ID, IA, NM, NV, NY, OR, and TX; age 69 in AZ, NC, OK and VA; age 70 in FL, GA, MI and MO. All coverages end at age 65, except age 66 in CO, ID, IA, NM, NY, OR and TX; age 70 in AZ, NV, OK and VA; age 71 in FL, GA, MI and MO; and without limitation if initially eligible in NC and SD.

A separate application for insurance is required in VA and WI.

In NJ, NY, NC, PA and TX, the Insurance Coverage described in this application is called Chargeguard.

Coverage is underwritten by American Bankers Life Assurance Company of Florida and American Bankers Insurance Company of Florida, 11222 Quail Roost Drive, Miami, Florida 33157-6596. In TX, Life and Disability certificate number is AC3181CB-0592 (3.53 RA). In TX, Unemployment coverage provided on forms AD913CQ-0791 & B2754EQ-1089. In NY, Life and Disability coverage provided by Bankers American Life Assurance Company, One Blue Hill Plaza, Pearl River, NY 10965.

SEPARATE COVERAGES: If you wish to obtain any one or more of the Credit Life, Disability, or involuntary Unemployment Insurance coverages on your Account separately, please call us at 1-800-743-6229 and an application for separate coverages will be sent to you. Disability coverage is only available to applicants electing Life coverage in MN, MO, TX and WA; Disability and Unemployment coverages are only available together in AL, CO, DE, FL, IA, KY, LA, ME, MD, MT, NE, NH, NM, ND, SD, VT, VA, and WV.

FEDERAL AND STATE NOTICES

Applicant(s) please read the following: Applicant(s) ("you") requests a credit(s). You represent that the information supplied in the Application is complete and accurate and that your Account will be used only for personal, family or household purposes. You authorize GE Capital Consumer Card Co., Mason, Ohio ("we", "us" or "our") to make whatever inquiries we consider necessary and appropriate concerning this information and to request a consumer report from consumer reporting agencies. You agree that there is no agreement between you and us until we approve your Application and accept the Agreement at our offices in Ohio and that is has been deemed to have been made in Ohio. You affirm that you are eighteen (18) years of age or older.

Married Applicants may apply for separate Accounts. After credit approval each Applicant shall have the right to use this Account to the extent of any credit limit set by the creditor and each Applicant will be liable either together or individually as we shall determine for all amounts of credit extended under this Account to any Applicant or Authorized user. You agree that the attached Agreement provides for the compounding of finance charges (except for NC residents).

NOTICE TO APPLICANT(S): (A) DO NOT SIGN THE APPLICATION/AGREEMENT BEFORE YOU READ IT OR IF THE AGREEMENT CONTAINS ANY BLANK SPACES.

(B) YOU ARE ENTITLED TO A COMPLETELY FILLED IN COPY OF THE AGREEMENT. Service (finance) charges at rates not in excess of those permitted by law will be charged on outstanding balances from month to month.

OHIO RESIDENTS: THE OHIO LAWS AGAINST DISCRIMINATION REQUIRE THAT ALL CREDITORS MAKE CREDIT EQUALLY AVAILABLE TO ALL CREDIT WORTHY CUSTOMERS, AND THAT CREDIT REPORTING AGENCIES MAINTAIN SEPARATE CREDIT HISTORIES ON EACH INDIVIDUAL UPON REQUEST. THE OHIO CIVIL RIGHTS COMMISSION ADMINISTERS COMPLIANCE WITH THIS LAW. WISCONSIN RESIDENTS: If you are applying for an individual

Account combine your and your spouse's financial information on the Application. No provision of a marital property agreement, a unilateral statement under Sec. 766.59 Wis. Stats. or a court decree under Sec. 766.70, Wis. Stats. adversely affects the interest of the creditor unless the creditor, prior to the time

credit is granted, is furnished a copy of the agreement, statement or decree or has actual knowledge of the adverse provision when the obligation to the creditor is incurred. Cards are issued and credited is extended by GE Capital Consumer Card Co., Mason, Ohio. To find out about changes in the terms of the attached Agreement, write to us at P.O. Box 8182, Mason, OH 45040.

MACY'S CREDIT CARD AGREEMENT - SECURITY AGREEMENT RETAIL INSTALLMENT CREDIT AGREEMENT

1. Definitions: The definitions listed below apply whenever we use these words in this Agreement "We", "us" and "our" mean GE Capital Consumer Card Co., 4605 Duke Drive, Mason, OH 45040. "You" and "your" mean each person who signed a Macy's ("Macy's") Application/Credit Card Agreement or otherwise agreed to open a Credit Card Account with us and each person who is authorized to use the Macy's Credit Card Account ("Account") established by us or our assignors. "Credit Card" means the Credit Card issued to you by us or our assignors to allow you to make purchases on credit from time to time under your Account. This Agreement includes and incorporates the Macy's Application you sign, and its effective date is the date we first approve your signed Macy's Application or you make a purchase on credit evidenced by a signed sales slip or memorandum. Please read this Agreement carefully because by signing the Application or using or accepting the Credit Card you will be agreeing with us to everything written here.
2. Types of Charges: There are three types of charges ("Plans") under your Account Flexible charges. Time Option Plan ("TOP") charges and Club charges. You may make a Flexible charge for any merchandise or service Macy's offers without any minimum purchase requirements. You may make a TOP charge for certain merchandise categories subject to a minimum purchase requirement. You may make a Club charge for selected merchandise, as permitted by Macy's, subject to a minimum purchase requirement. Your desire to charge purchases to your Club Plan must be indicated at the time of purchase.
3. Payment: You will pay us for credit we extend if any, on your behalf to pay for all purchases (including mail and phone orders if any) made by you, and all other amounts owed to us under the terms of this Agreement. You understand that Flexible charges, TOP charges and Club charges will be billed separately on the monthly billing statement ("Statement"). When there is a balance due on any Plan, called the New Balance, on the Statement, you will pay in time for receipt by us within 25 days after the Billing Date, either (a) each New Balance in full, or (b) at least the Minimum Payments called for. You agree that any payments on your Account made at Macy's store are handled by Macy's as a convenience for you and are not deemed received or accepted by us until received by us. Payment will be credited as of date of receipt at the address on the payment stub of your Statement if received by 9:00 am Eastern Time Monday through Friday (otherwise next business day), but if payment is not in US dollars, not accompanied by payment stub or not received at that location, credit may be delayed up to five days.
4. No Finance Charge Feature (Club Account): No Finance Charge will be assessed on your Club Plan in any billing period during which the payment is at least equal to the Minimum Payment due as shown on the statement. If your Account is 2 or more payments past due, the entire balance will be subject to a Finance Charge as outlined in Paragraphs 5 and 6 below.
5. Finance Charges: When there is a balance subject to Finance Charge under any Plan on your Account, the FINANCE CHARGE will be computed by applying a daily periodic rate of .05918% (ANNUAL PERCENTAGE RATE 21.6%) to the balance subject to Finance Charge. In MT, the daily periodic rate will be .05753% (ANNUAL PERCENTAGE RATE 21%). In IA, the daily periodic rate will be .05424% (ANNUAL PERCENTAGE RATE 19.8%). In ME, MN, NC and WI the daily periodic rate will be .04931% (ANNUAL PERCENTAGE RATE 18%). A minimum FINANCE CHARGE of \$.50 will be assessed for any billing period in which a FINANCE CHARGE that results from application of the daily periodic rate would be less than \$.50 except in ME and NC there will be no minimum FINANCE CHARGE.

6. Balance Subject to Finance Charge: We will figure the Finance Charge on your Account for each Plan each day by multiplying the daily balance by the applicable daily periodic rate. At the end of the billing period we will add up the results of these daily calculations to get the total Finance Charge for the billing period. The daily balance will be determined on each day by first adding the following to the previous day's balance: any purchases made (except current purchases are not added in ME or NC), unless, at our option, we post a purchase at a later date, any fees or other charges imposed on that day, and the Finance Charge applied at the daily periodic rate to the previous day's balance, and then subtracting any payments and credits made on that day. We will not include in the daily balance any unpaid Finance Charge in NC, any Late Payment Fee in WI, or the cost of credit insurance.

7. Grace Period for Avoidance of Finance Charge: If you have a balance due on more than one Plan, the disclosure below applies to each Plan. In all states except ME and NC, Finance Charges begin to accrue as of the date a purchase is posted to your Account. Therefore, a Finance Charge will appear on your Statement each month, if there is a balance due, including the first Statement you receive for new purchases. However, you can avoid paying the Finance Charge shown on a Statement if (i) the Previous Balance shown on that Statement is zero (or is a credit balance) or the sum of the payments and credits shown on that Statement equals or exceeds that Previous Balance, and (ii) you make payments (and/or receive credits) by the Payment Due Date shown on that Statement which equal or exceed the New Balance minus the Finance Charge shown on that Statement. In ME and NC, no Finance Charge is imposed in any billing period (1) in which there is no balance at the beginning of the billing period (the "Previous Balance" shown on your Statement) or (2) in which the sum of your payments and credits is at least equal to the Previous Balance. In these cases, new purchases in ME and NC do not incur a Finance Charge in the billing period when they are made or if they are paid within 25 days after the Billing Date. In all other cases, in ME and NC new purchases do not begin to accrue a Finance Charge until the start of the period following the billing period in which they are made.

8. Minimum Payment: You agree to pay the Minimum Payment each time we send you a Statement plus in each case, any past due amount(s).

The Minimum Payment for Flexible charges will be the greater of \$5 or 5% of the New Balance rounded up to the next whole dollar amount. When your new Balance for Flexible charges is less than \$5 you must pay us your total New Balance.

The Minimum Payment for TOP charges is based upon the highest balance of your TOP Plan as follows:

Highest New Balance	Minimum Payment	Highest New Balance	Minimum Payment
\$.01	\$4.99	\$351.00	\$380.99
\$5.00	\$100.99	\$381.00	\$400.99
\$101.00	\$300.99	\$401.00	\$420.99
	\$5.00 plus \$1.00 for each \$20.00 increment or part thereof over \$100.99	\$421.00	\$450.99
		\$451.00	\$460.99
\$301.00	\$340.99	\$461.00	\$480.99
\$341.00	\$350.99	\$481.00	\$600.99
	\$17.00		\$24.00
	\$18.00		\$25.00

When the highest New Balance equals or exceeds \$601.00 the Minimum Payment for TOP charges will increase by \$5.00 for each \$120.00 of additional New Balance until the New Balance exceeds \$1,000.99. When the highest New Balance equals or exceeds \$1,001.00 the Minimum Payment for TOP charges will be \$30.00 plus \$2.50 for each \$75.00 of additional New Balance or part thereof. Since the Minimum Payment for qualifying major purchases is based on the highest New Balance in the Account until the New Balance is paid in full, that Minimum Payment will not decrease as the New Balance decreases but it will increase if a new purchase increases the New Balance above a previous high. The Minimum Payment for Club charges will be the greater of \$20 or 1/12th of the highest New Balance of your Account rounded up

to the nearest whole dollar amount since it last had a \$0 balance. When your New Balance for Club charges is less than \$20 you must pay us your total New Balance.

You may at any time pay your entire balance in full or more than the Minimum Payment.

9. Change in Terms/Change in Address: We may change any term of this Agreement or add a new term at any time, including changes in the minimum payment schedule(s) or the Finance Charge rates, and may apply the new terms to any unpaid balances, as well as to any future balances, unless prohibited by applicable law. When required by applicable law, we will mail you prior notice of the change(s). In NJ, prior notice of any increase in Finance Charge rates or amounts is required.

You agree to notify us promptly if you move. You understand that your Account will be subject to the terms of this Agreement applicable to your state of residency, unless we receive written notice that you have moved to another state, in which case you agree that your Account, including any unpaid balances, will be subject to the terms of this Agreement applicable to the state of your new address.

10. Special Payment Plans: From time to time we may offer special promotional programs with respect to certain purchases on your Account. These plans may include, but are not limited to, deferred payment, skip payment and finance charge waiver plans. These plans may be discontinued at any time.

11. Credit Reports and Account Information: You give us permission to request information from you and to make whatever inquiries we consider necessary and appropriate (including requesting a consumer report from consumer reporting agencies) in considering your Application and for the purposes of any updates, renewals or extensions of credit or reviewing or collecting your Account. Upon your request to us at P.O. Box 8109, Mason, OH 45040 we will inform you of the name and address of each consumer reporting agency from which we obtained a consumer report relating to you. We may also obtain information about your credit worthiness and employment from others and may furnish information concerning your Account as well as information concerning you to consumer reporting agencies and to other proper parties. You acknowledge and agree that we are authorized at any time, to the fullest extent permitted by applicable law, to allow Macy's complete access to information in our possession concerning you or your Account.

12. Returned Check Fee: In all states except CA, IA, ME, NC, PA and WI, we may impose a Returned Check Fee of \$20.00 if any check sent to us in payment on your Account is returned to us unpaid by your bank. The Returned Check Fee will be \$10.00 in CA and IA and \$15.00 in WI. There will be no Returned Check Fee in ME, NC and PA.

13. Late Payment Fee: In all states except IA, ME, NC, PA and WI, we may impose a Late Payment Fee of \$15.00 (\$10.00 in CA) if your Minimum Payment is not received by the Payment Due Date shown on your current Statement. In IA, ME, and PA no Late Payment Fee will be imposed. In NC and WI, the Late Payment Fee we may impose is described below. We reserve the right to waive all or any part of this Late Payment Fee in case of certain delinquencies. If we do, we will not lose our right to impose a Late Payment Fee in future billing periods. In NC, if your Minimum Payment is not received within 30 days after the Payment Due Date shown on your current Statement, we may impose a Late Payment Fee of \$5.00. In WI, if your Minimum Payment is not received within 5 days after the Payment Due Date shown on your current Statement we may impose a Late Payment Fee of \$10.00, except we will not impose a Late Payment Fee in any billing period in which a \$.50 minimum FINANCE CHARGE is imposed.

14. Security Interest: Except in MO (on any purchase under \$150), NC and NY, we will have a purchase money security interest in all merchandise purchased on your Account until such merchandise is paid in full. If you do not make your Minimum Monthly Payment on time we may repossess only the merchandise which has not been paid in full to the extent permitted by law. We agree that no security interest is or will be retained or acquired under this Agreement in any real property which is used or is expected to be used as your dwelling.

15. Our Rights: Subject to the requirements or limitations of applicable law, we may do any of the following (a) declare the entire indebtedness due and payable on any Plan if you fail to make any required payments when due on any Plan (b) charge reasonable attorney's fees on the amount owing on your Account (in NJ 20% on the first \$500 and 10% on any remainder of this amount) plus allowable court costs, if your Account is sent for collection to an attorney who is not our salaried employee, (c) limit the amount of credit extended under your Account or terminate your Account in which case the terms of this Agreement will apply until full payment of the amount owing on your Account including Finance Charges to the date payment is received, and (d) accept, without losing our rights under this Agreement or otherwise, late or partial payments or check or money orders marked payment in full.

16. Credit Cards: The Credit Card issued to you by us remains our property and you will surrender it to us upon demand. You agree to promptly notify us if your Credit Card is lost or stolen or of the unauthorized use of your Credit Card. Notify us by writing to P.O. Box 8102, Mason, OH 45040 by calling us at 1-800-743-6229 or by visiting any Macy's store. You may be liable for up to \$50 for unauthorized use before you notify us. If you give us notice orally you agree to confirm it in writing. Subject to the requirements of applicable law, we may cancel your Account if you fail to notify us immediately of any of these events.

17. Governing Laws: This Agreement is entered into in Ohio. We make decisions about granting credit, extend credit from and accept payments at our offices in Ohio. Ohio law and applicable federal law will govern this Agreement and your Account.

18. Assignment: We may assign your Account and our rights under this Agreement to our affiliates or some other financial institution or company without prior notice to you. Following such assignment, that entity will take our place in this Agreement.

19. Entire Agreement: This is the entire Agreement governing your Account. This Agreement may not be amended except in accordance with the provisions of paragraph 9 of this Agreement.

20. Telephone Monitoring: We treat every customer call confidentially. To ensure that you receive accurate and courteous customer service, on occasion, your call may be monitored by a second employee.

21. Disputed Amounts: All written communications concerning disputed amounts, including any check or other payment instrument in an amount less than the full amount due that you send to us marked "paid in full", you tender with other conditions or limitations, or you otherwise tender as full satisfaction of a disputed amount, must be sent to us at the address for billing inquiries shown on the billing statement.

Marketing Information: You give us and any holder of this Agreement permission to furnish information about you (usually only your name, address and other identifying data) to other persons who may use this information to solicit you for products or services. You can request that we discontinue furnishing this information by calling us at 1-800-743-6229 or writing to us at P.O. Box 8102, Mason, OH 45040.

GE Capital Consumer Card Co., 4605 Duke Dr., Mason, OH 45040

By

Kevin Knight, Executive Vice President and General Manager

Notice: For important information regarding your right to dispute billing errors under federal law see the "Billing Rights" Notice below.

YOUR BILLING RIGHTS - KEEP THIS NOTICE FOR FUTURE USE

This notice contains important information about your rights and our responsibilities under the Fair Credit Billing Act.

Notify Us In Case of Errors or Questions About Your Bill

If you think your bill is wrong, or if you need more information about a transaction on your bill, write us on a separate sheet at the address shown on your Statement under Billing Inquiries. Write to us as soon as possible. We must hear from you no later than 60 days after we sent you the first bill on which the error

or problem appeared. You can telephone us, but doing so will not preserve your rights.

In your letter, give us the following information:

- Your name and account number.
- The dollar amount of the suspected error.
- Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are not sure about.

Your Rights and Our Responsibilities After We Receive Your Written Notice

We must acknowledge your letter within 30 days, unless we have corrected the error by then. Within 90 days, we must either correct the error or explain why we believe the bill was correct. After we receive your letter, we cannot try to collect any amount you question, or report you as delinquent. We can continue to bill you for the amount you question, including finance charges, and we can apply any unpaid amount against your credit limit. You do not have to pay any questioned amount while we are investigating, but you are still obligated to pay the parts of your bill that are not in question. If we find that we made a mistake on your bill, you will not have to pay any finance charges related to any questioned amount. If we didn't make a mistake, you may have to pay finance charges, and you will have to make up any missed payments on the questioned amount. In either case, we will send you a statement of the amount you owe and the date that it is due. If you fail to pay the amount that we think you owe, we may report you as delinquent. However, if our explanation does not satisfy you and you write to us within ten days telling us that you still refuse to pay, we must tell anyone we report you to that you have a question about your bill. And, we must tell you the name of anyone we reported you to. We must tell anyone we report you to that the matter has been settled between us when it finally is.

If we don't follow these rules, we can't collect the first \$50 of the questioned amount, even if your bill was correct.

Special Rule for Credit Card Purchases

If you have a problem with the quality of property or services that you purchased with a credit card, and you have tried in good faith to correct the problem with Macy's, you may have the right not to pay the remaining amount due on the property or services. There are two limitations on this right

- (a) You must have made the purchase in your home state or, if not within your home state, within 100 miles of your current mailing address; and
- (b) The purchase price must have been more than \$50

These limitations do not apply if we own or operate Macy's, or if we mailed you the advertisement for the property or services.

MACY'S W (4/96) 1059 AN

Schedule 1

Major Credit and Collection Policies

All of the following policies apply with respect to both new and existing Macy's Accounts

1. All aspects of Credit Promotions including:
Terms

Pre-Screens
In Store Procedures

Credit marketing programs materials (other than advertising)

Target Marketing for credit purposes

2. Credit Approval Scorecards, Cut-offs and Guideline Assignments
3. Judgmental Queues and Criteria
4. Authorization Algorithm
5. Deferred finance charge sales exceeding 12% of outstandings; or "future obligations" sales exceeding the greater of
(i) 5% of outstandings or (ii) the percentage of outstandings which constitute "future obligations" sales on

the date hereof.

6. Collection/Recovery Strategy, Coverage and Agencies
7. Writeoff, Aging and Cure Parameters
8. All Account Terms and Credit Card Documentation

Schedule 1.1

GE Bank Reserve Calculation
[OMISSION]

Schedule 2.3(b)

Jordan Marsh and Broadway Duplicate Account Sharing
[OMISSION]

Schedule 3.1

Daily Settlement Statement
[OMISSION]

Schedule 3.4

Monthly Settlement Statement
[OMISSION]

Schedule 4.8

Routine Maintenance for Cross-Shopping
[OMISSION]

Schedule 5.1A

Interim Budget for February to July 1996
[OMISSION]

Schedule 5.1B

Interim Budget Money Cost Adjuster
[OMISSION]

Schedule 5.2

Budget Format
[OMISSION]

Schedule 5.4(b)

Monthly Adjuster Formula
[OMISSION]

Schedule 5.4(e)

Projected Monthly Discount Money Cost Adjuster
[OMISSION]

FDS Companies

Legal Names and Executive Offices

Legal Entity	Tradename(s)	Executive Offices	Principal Place of Business
Federated Department Stores, Inc.	Federated Merchandising (FM)	151 West 34th St. New York, New York 10001	151 West 34th St. New York, New York 10001
	Federated Product and Development (FPD)	7 West Seventh St. Cincinnati, Ohio 45202	7 West Seventh St. Cincinnati, Ohio 45202
FDS National Bank	n/a	9111 Duke Boulevard Mason, Ohio 45040	9111 Duke Blvd. Mason, Ohio 45040
Macy's East, Inc.	Macy's	151 West 34th St. New York, New York 10001	151 West 34th St. New York, New York 10001
FACS Group, Inc.	n/a	9111 Duke Boulevard Mason, Ohio 45040	9111 Duke Blvd. Mason, Ohio 45040
Macy's West, Inc.	Macy's	50 O'Farrell St. San Francisco, California 94108	50 O'Farrell St. San Francisco, California 94108

Bullock's, Inc. Bullock's 50 O'Farrell St. 50 O'Farrell St.
 Macy's San Francisco, San Francisco,
 California 94108 California 94108

Broadway Stores, Inc. Macy's 50 O'Farrell St. 50 O'Farrell St.
 San Francisco, San Francisco,
 California 94108 California 94108

MSS-Delaware, Inc. Aeropostale 131 Market St. 131 Market St.
 Charter Club Newark, New Jersey Newark, New Jersey
 07102 07102

Schedule 6.9

FDS Companies Litigation

I. Government Authority Actions

A. Orders enjoining Business:

1. Macy's New York Fair Credit Billing Act Consent Order with the Federal Trade Commission. (Docket No. C-3130) (1983).

2. Bamberger's (former division of R.H. Macy & Co., Inc.) Assurance of Voluntary Compliance with Office of the Attorney General, Commonwealth of Pennsylvania, in respect of debt collection practices. (1978)

B. Macy Letter Agreements

R.H. Macy Letter of Understanding with the Federal Trade Commission in respect of credit balances (1976).

C. FDS orders which applied to operations of Bullock's and

I. Magnin divisions.

1. Federal Trade Commission Consent Order in respect to Fair Credit Reporting Act notification obligations when credit denied based on information in a consumer report. (FTC Docket No. 3175) (1985).

2. USA v. Federated Department Stores, Inc. Consent Judgment in respect to consideration of income under the Equal Credit Opportunity Act (USDC Southern District Ohio, Western Division, Civil Action No. C-1-78-730) (1978).

3. Federal Trade Commission Consent Order in respect of credit balances (FTC Docket No. C-2880) (1977).

II. Investigations

The FDS Companies are involved in a pending investigation by the Federal Trade Commission ("FTC") concerning notifications under the Fair Credit Reporting Act when employment has been denied based in whole or in part on information in a consumer report.

Schedule 7.8

GE Bank Litigation

None

Definitions: Certain capitalized terms used herein not defined herein shall have the meaning given to them under the FACS Services Agreement or the GE Capital Services Agreement.

SECTION 1 COLLECTION SERVICES

1.1 GE Bank Services

. GE Bank shall provide the Collection Services (including, without limitation, delivery of the reports described in Section 6(b) hereof) and shall comply with the Credit and Collection Policy in providing the Collection Services during the term of the Program Agreement unless GE Bank's right to provide the Collection Services is terminated in accordance with this Annex I. GE Bank shall operate credit operations and facilities in a high quality, ethical manner, in such a way as not to disparage or embarrass the FDS Companies or any of their names, and with a level of Collection Services to the holders of GE/Macy's Accounts that is not less than the level of Collection Services provided to the holders of GE/Macy's Accounts by GE Bank prior to the date hereof. The parties hereto acknowledge and agree that notwithstanding any other provisions of this Annex I to the contrary, all obligations of GE Bank to perform the Collection Services shall be subject to the prior satisfaction of the FDS Information Condition.

1.2 Service Standards

. GE Bank shall use its best efforts to (i) design systems to achieve, (ii) employ qualified personnel to meet, and (iii) otherwise satisfy on average (determined with respect to each FDS full fiscal quarter commencing after completion of the relevant conversion) the service standards for Collection Services specified in Section 6 hereof (the "Service Standards").

1.3 Expenses

. Expenses of GE Bank incurred in providing the Collection Services shall be expenses of the Program and included as an expense item in each Operating Expense Budget.

1.4 Compliance with Law

. GE Bank shall implement and execute the Credit and Collection Policy in compliance with all requirements of applicable Law and shall perform the Collection Services in compliance with all requirements of applicable Law, except, in either case, to the extent a failure of GE Bank to so implement, execute and perform in compliance with applicable Law is due solely to (i) the failure of the FDS Information Condition to be satisfied or (ii) GE Bank following specific written instructions of an Authorized FDS Person.

1.5 Systems

. During the Term, GE Bank shall utilize the FACS Credit System and the GE Credit Software and shall comply with the terms of Sections 4.2 and 6 of the FACS Services Agreement in providing the Collection Services.

1.6 Cooperation

. GE Bank agrees to cooperate with the FDS Companies in resolving all disputes with GE/Macy's Account Debtors.

SECTION 2 REPRESENTATIONS AND WARRANTIES

GE Bank represents and warrants to the FDS Companies, on the date hereof and on each date that GE Bank provides any of the Collection Services that:

2.1 Facilities

. GE Bank (i) has all the necessary facilities, equipment and personnel to provide the Collection Services in accordance with the terms of this Annex I, and (ii) has and shall maintain disaster recovery procedures and systems with respect to the GE/Macy's Accounts at least comparable to those maintained on the date hereof for such accounts.

2.2 Systems

. GE Bank has the right to use the GE Credit System to provide the Collection Services without infringement or violation of the intellectual property, trademark, trade secret, copyright, patent or other rights of others.

SECTION 3
SERVICING TERMINATION

3.1 GE Bank Servicing Termination Events

. It shall be a "GE Bank Servicing Termination Event"

if any of the events set forth below shall occur and be continuing and remain unremedied prior to the expiration of the specified period.

(a) Service Standards Default. If GE Bank shall consistently fail to perform its obligations under Section 1.2, and such consistent failure to perform shall (i) have a material adverse change on the quality or financial condition of the GE/Macy's Accounts, taken as a whole (a "Material Adverse Effect") or a material adverse effect on the Program, and (ii) remain unremedied for a period of seventy-five (75) days after delivery of written notice thereof by FDS to GE Bank.

(b) Credit and Collection Policy Defaults.

(i) If GE Bank shall fail to perform the Collection Services in accordance with any provision of the Credit and Collection Policy where such failure is or results in a violation of applicable Law, and such failure is not remedied within seven (7) days after delivery of written notice thereof by FDS to GE Bank, provided that if, notwithstanding GE Bank's diligent, best efforts to cause its employees and agents to perform the Collection Services so as not to violate applicable Law, certain employees or agents have failed to so perform the Collection Services, the time period set forth in this Section 3.1(b)(i) shall be extended, but not by more than 10 days, as long as GE Bank continues to use diligent, best efforts to remedy such failure.

(ii) If GE Bank shall fail to perform the Collection Services in accordance with any provision of the Credit and Collection Policy where such failure is not or does not result in a violation of applicable Law, and such failure (x) has a Material Adverse Effect and (y) is not remedied within

thirty (30) days after delivery of written notice thereof by FDS to GE Bank.

(iii) If GE Bank shall consistently fail to perform any of the Collection Services in accordance with the applicable provisions of the Credit and Collection Policy where such failure is not or does not result in a violation of applicable Law and does not have a Material Adverse Effect, and is not remedied within seventy-five (75) days after delivery of written notice thereof by FDS to GE Bank;

provided that each of the time periods in this Section 3.1(b) shall be extended upon agreement of the parties, but not by more than 60 days, so long as GE Bank is using its diligent, best efforts to remedy such failure in the event that (x) the provision of the Credit and Collection Policy that GE Bank has failed to perform is a provision of the Credit and Collection Policy which one of the FDS Companies has unilaterally modified pursuant to Section 4.4 of the Program Agreement and (y) the reason GE Bank has been unable to so perform is because the GE Bank credit system requires modifications in order to implement such unilaterally modified provision of the Credit and Collection Policy.

(c) Credit Systems Default. If GE Bank shall fail to perform all or substantially all of the Collection Services for a period of seven (7) consecutive days due to a failure of the GE Bank credit system or otherwise.

(d) Bankruptcy. If an Event of Bankruptcy shall have occurred with respect to GE Bank.

(e) Material Adverse Change. If there shall have been a material adverse change to the business, financial condition, or operations of GE Bank which change has a material adverse effect on the ability of GE Bank to fulfill its obligations hereunder pursuant to the terms hereof.

(f) Other Breaches. If GE Bank shall breach any of its obligations under this Annex I or any of its

representations or warranties set forth in the Agreement or this Annex I (other than obligations, representations or warranties the breach of which is otherwise addressed in this Section 3.1) and such breach has a Material Adverse Effect and is not cured within 30 days after delivery of written notice thereof by FDS to GE Bank.

3.2 FDS Remedies

. Subject to the provisions of Section 3.5, upon the occurrence of a GE Bank Servicing Termination Event, FDS may, in addition to any other remedies it may have at law or equity, terminate GE Bank's right to perform the Collection Services by delivering a written notice of termination to GE Bank.

3.3 Excuse For Non-Performance

. In the event GE Bank (the "Performing Party") is unable to comply with or perform any of its obligations hereunder solely due to (i) any FDS Company (the "Non-Performing Party") failing to perform its obligations under the Program Agreement or any Transaction Document or (ii) the quality, nature, timeliness, completeness or accuracy of any goods, services or data provided by the Non-Performing Party to the Performing Party, the Performing Party shall be excused from such performance (and no event of default shall be deemed to have occurred) provided that the Performing Party shall (a) notify the Non-Performing Party as soon as practicable describing the default and explaining how the Performing Party's performance has been affected; (b) use reasonable efforts to mitigate the effect of the Non-Performing Party's failure; and (c) perform its obligations hereunder to the extent reasonably practicable. Both parties shall use diligent, uninterrupted efforts to cure the failure and eliminate the effects thereof.

3.4 Post-Termination Procedures

. Upon termination or expiration for any reason of GE Bank's right to provide the Collection Services pursuant to this Annex I, the parties shall comply with their respective post-termination obligations, if any, as set forth below:

(a) Extended Servicing. The FDS Parties may elect to require GE Bank to continue to provide all or a portion of the Collection Services to the GE/Macy's Accounts for up to a maximum of six (6) months following the effective date of termination. In the event of an election by the FDS Parties, GE Bank shall provide Collection Services as described herein as an expense of the Program.

(b) Transition. Subject to the provisions of Sections 3.4(a) and 3.5, FACS and GE Bank shall cooperate in good faith so that GE Bank is able to promptly accomplish the transition of the Collection Services in an accurate, orderly and efficient manner. In this regard, GE Bank agrees that it will provide FACS and its designees, officers, employees, accountants, and other representatives with all access rights to the GE Bank credit system as reasonably required by FACS in order to enable the transition of the Collection Services in a prompt, accurate, orderly and efficient manner. GE Bank agrees that in the event of any such transition, it shall use commercially reasonable efforts to effect such transition in an accurate, orderly and efficient manner, except to the extent such transition fails to be accurate, orderly and efficient due solely to the failure of transition information provided by FACS at the time to be accurate in all material respects.

3.5 Special Provisions

. In the event of a GE Bank Servicing Termination Event pursuant to Section 3.1, GE Bank shall elect, by delivering written notice to FDS within 20 days after the effective date of the GE Bank Servicing Termination Event, either (i) to terminate the Program Agreement or (ii) to allow FDS or its Affiliates to perform the Collection Services. In the event of a GE Bank Servicing Termination Event, if GE Bank elects to allow FDS or its Affiliates to perform the Collection Services (x) GE Bank shall retain the right to terminate the Program Agreement at any time during which FDS or its Affiliates is performing the Collection Services and (y) neither FDS nor any of its Affiliates

may commence performing the Collection Services until the date, if any, that they are Deemed Prepared (as hereafter defined) to perform the Collection Services. If FDS and/or its Affiliates are not Deemed Prepared to perform the Collection Services by the later of (A) six months after the effective date of the GE Bank Servicing Termination Event and (B) the date that no GE Bank Servicing Termination Event exists, then FDS shall lose the right to perform (either itself or through an Affiliate) the Collection Services due to the GE Bank Servicing Termination Event. In the event of a subsequent GE Bank Servicing Termination Event, the provisions of this Section 3.5 shall again be applicable.

"Deemed Prepared" means, with respect to the Collection Services either (i) GE Bank and FDS have agreed that FDS or its Affiliates are reasonably well prepared to perform such services or (ii) an arbitrator, selected at the request of FDS by the President of the AAA, has determined what steps FDS or its Affiliates must take to be reasonably well prepared to perform such services at a level at least as high as GE Bank is required to perform hereunder and FDS or its Affiliates have taken such steps.

SECTION 4 AUDIT AND ACCESS

The FDS Parties shall have all such rights to access the premises of GE Bank, the GE Bank credit system and audit the records of GE Bank as may be necessary or desirable to permit the FDS Parties to fulfill all of their responsibilities, and exercise all of their rights, under the Transaction Documents. Without limiting the generality of the foregoing, GE Bank shall permit the FDS Parties and their designees, officers, employees, attorneys, accountants and/or other representatives during normal business hours with reasonable advance notice, in such a manner as to minimize interference with the normal business operations of GE Bank (i) to observe, monitor and obtain information regarding the GE/Macy's Accounts and to observe and monitor the implementation by GE Bank personnel of the Credit and Collection Policy, (ii) to observe whether the Collection Services and the Credit and Collection Policy are being applied in compliance with

the provisions of the Program Agreement and (iii) to examine, audit, inspect, copy and make copies of all of the data, records, files, and books of account under the control of GE Bank (whether received on computer, electromagnetic storage vehicles, paper, film or other medium) and relating strictly to the GE/Macy's Accounts and to the back-up documentation relating to the reports provided hereunder by GE Bank to the FDS Parties. The costs and expenses of any exercise by the FDS Parties of their rights hereunder shall be borne by the FDS Parties. Notwithstanding any other provision of this Agreement, the FDS Parties shall not have any access or audit rights with respect to any information in the possession of GE Bank regarding services provided by GE Bank to any other Person.

SECTION 5 INDEMNIFICATION

5.1 Indemnification by GE Bank

. In addition to its indemnities under Section 10.2 of the Program Agreement, GE Bank shall indemnify, defend and hold harmless each of the FDS Indemnified Parties from and against any and all Damages caused by, relating to or arising out of (i) any act or omission by GE Bank or its Affiliates, employees or agents in performing, implementing and/or executing the Collection Services and the Credit and Collection Policy, except to the extent (x) the Credit and Collection Policy specifically describes how such act should be implemented and GE Bank implemented such act in conformity with such description (other than modifications to the Credit and Collection Policy (including the Major Credit and Collection Policies) made by GE Bank without the approval of the Policy Committee pursuant to Section 4.4 of the Program Agreement) or (y) any such performance, implementation or execution was effected in accordance with specific written instructions from an Authorized FDS Person or (z) the Damages arising out of such act or omission are due solely to the failure of the FDS Information Condition to be satisfied; and (ii) notwithstanding the provisions of Section 5.1(i) hereof, any judgmental decisions (i.e., any determination or decision made which is not specifically dictated by the Credit

and Collection Policy) effected by GE Bank or its employees or agents in effecting the Collection Services.

5.2 Indemnification by the FDS Parties

. The FDS Parties shall indemnify, defend and hold harmless the GE Indemnified Parties from and against any and all Damages caused by, relating to or arising out of any act or omission by GE Bank or its employees or agents in performing, implementing and/or executing the Collection Services and the Credit and Collection Policy effected in accordance with specific written instructions from an Authorized FDS Person.

SECTION 6

(a) Service Standards.

Service Category	Standard
	(all days are Business Days, measured from but including date file is received by GE Bank; all standards specified are averages calculated over a measurement period of a fiscal quarter)
Inbound collection calls - speed of answer	20 seconds
Percent of calls abandoned	4 percent
Bankruptcy Coding	Upon account identification (generally 1 day)
Customer Correspondence - response and action taken	7 days
FCB inquiry acknowledged	5 days
FCB resolution	According to Fair Credit Billing Act
Presidential complaints - customer contact	2 days (best efforts same day)
Contacts per collection account (letter to customers equivalent to contact)	2 per month
Written off accounts placed with agencies	2 days
Recovery account recall if no payment within 6 months	14 days

(b) GE Bank Reports. GE Bank shall provide the following reports:

GE Bank Reports

Collection Reports

Davox -Monthly

1. Management Summary Report Summarizes agent activity on all lists
2. System Summary Report Calling results by list plus
summary for all lists

Rothenberg-Monthly

1. Current Inventory (Report 2) Inventory of all accounts
2. Account Summary by Status Detail information on single or
(Report 3) group of status
3. Agency Payment Aging Payments received from all
(Report 5) agencies by placement month
4. Monthly Inventory (Report 8) Comparison of current month to
previous month inventory
5. Monthly Bankruptcy Summary Count and balance of Chapter 7
(Report 10) and 13 accounts
6. Agency Financial Comparison Agency performance by placement
(Report 19) and group code
7. Score Performance by Summary of accounts by score
Chargeoff Date (Report 44) range and month

*All reports by store division

AMENDED AND RESTATED TRADE NAME AND SERVICE MARK

LICENSE AGREEMENT

AMENDED AND RESTATED TRADE NAME AND SERVICE MARK LICENSE

AGREEMENT, dated as of June 4, 1996, by and among Federated Department Stores, Inc. ("Licensor"), GE Capital Consumer Card Co. ("GE Bank") and General Electric Capital Corporation ("GE Capital"). GE Bank and GE Capital may be referred to herein individually as a "Licensee" or collectively as "Licensees." Capitalized terms used, but not otherwise defined herein, have the meanings set forth in the Amended and Restated Credit Card Program Agreement dated as of the date hereof (the "Amended and Restated Program Agreement").

WHEREAS, Monogram Bank, USA ("Monogram"), R.H. Macy & Co., Inc. ("Macy") Macy's Northeast, Inc. ("Macy's Northeast"), Macy's South, Inc. ("Macy's South"), Macy's California, Inc. ("Macy's California"), Bullock's, Inc. ("Bullock's"), I. Magnin, Inc. ("I. Magnin") and Macy Specialty Stores, Inc. ("Macy's Specialty") entered into a Credit Card Program Agreement dated as of May 10, 1991 (the "Program Agreement");

WHEREAS, GE Capital, Macy, Macy Credit Corp., Macy Receivables Funding Corp., Macy's California, Macy's Northeast, Macy's South, Bullock's, I. Magnin, Macy Receivables Master Servicing Corp. and Macy's Specialty entered into a Commercial Accounts Agreement dated as of May 10, 1991 (the "Commercial Accounts Agreement");

WHEREAS, contemporaneously with the execution of the Program Agreement and the Commercial Accounts Agreement, Macy, Monogram and GE Capital entered into a Trade Name and Service Mark License Agreement dated as of May 10, 1991 (the "License Agreement");

WHEREAS, contemporaneously herewith, GE Bank (as the successor to Monogram), Licensor (as the successor to Macy), FDS National Bank ("FDS Bank"), Macy's East (as the successor to Macy's Northeast and Macy's South), Macy's West (as the successor to Macy's California), Bullock's, Broadway Stores, Inc., FACS

Group, Inc. ("FACS") and MSS-Delaware, Inc. (Macy's East, Macy's West, Bullock's, Broadway Stores, Inc. and MSS-Delaware, Inc. referred to hereinafter collectively as the "Store Group Licensees") are entering into the Amended and Restated Program Agreement amending and restating the Program Agreement in its entirety;

WHEREAS, contemporaneously herewith, GE Capital, Licensors and the Store Group Licensees are entering into the Amended and Restated Commercial Accounts Agreement amending and restating the Commercial Accounts Agreement in its entirety;

WHEREAS, contemporaneously herewith, GE Capital, FDS, FACS and FDS Bank are entering into the GE Capital Services Agreement for purposes of setting forth the terms and conditions that will govern the provision of the GE Capital Services (as defined therein) with respect to the FDS Serviced Accounts (as defined therein); and

WHEREAS, Licensors, GE Bank and GE Capital desire to amend and restate the Trade Name and Service Mark License Agreement in its entirety.

NOW, THEREFORE, in consideration of the terms, conditions and mutual covenants contained herein, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, Licensors and Licensees agree as follows:

1. Grant of License. Licensors hereby grants to Licensees, and Licensees hereby accept from Licensors, upon the terms and conditions set forth herein, a non-exclusive, royalty-free license to use the trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers identified in Schedule A annexed hereto which have been licensed to and used by the Store Group Licensees (each individually referred to as a "Mark" and all collectively referred to as the "Marks") in the United States of America and elsewhere, solely in connection with the GE/Macy's Account Documentation, GE/Macy's Commercial Account Documentation and such services or other actions or activities in connection with the Program, the

Commercial Accounts Program and the GE Capital Services Agreement (hereinafter collectively referred to as the "Services") as are permitted by the Amended and Restated Program Agreement, the Amended and Restated Commercial Accounts Agreement and the GE Capital Services Agreement (the "License"). Any use of the Marks by Licensees other than as specified herein and in the Amended and Restated Program Agreement, the Amended and Restated Commercial Accounts Agreement and the GE Capital Services Agreement without Licensors prior written approval, is prohibited. Each Mark shall not be used with respect to any Store Group Licensee other than the Store Group Licensee set forth on Schedule A hereto beside such Mark.

2. Term. The term of the License granted herein shall commence as of the date of execution of this Agreement by all parties hereto, and shall terminate with respect to each Mark individually, upon the later of (i) the date that Licensees own no GE/Macy's Accounts, GE/Macy's Receivables, GE/Macy's Commercial Accounts or GE/Macy's Commercial Receivables in connection with which such Mark is used by Licensees hereunder, (ii) the date that Licensees have no obligation to Service any GE/Macy's Accounts or GE/Macy's Commercial Accounts under the Amended and Restated Program Agreement or Amended and Restated Commercial Accounts Agreement and (iii) the date that Licensees have no obligation to Service any FDS Serviced Accounts and other FDS accounts under the GE Capital Services Agreement. After termination of the Amended and Restated Program Agreement, Licensees shall not use the Marks for any purpose other than in connection with the Servicing and/or collecting of GE/Macy's Accounts, GE/Macy's Receivables, GE/Macy's Commercial Accounts, and GE/Macy's Commercial Receivables as to which such Marks relate.

3. Restrictions and Quality Controls. The License to use the Marks shall be subject to the following conditions and restrictions:

(a) All displays of the Marks by Licensees shall be solely in the form approved by and shall strictly conform to all standards set by Licensors from time to time for its own displays of the Marks and those of the Store Group Licensees. At

no time, without Licensor's prior written approval, shall any of the Marks be used together or appear jointly in connection with any GE/Macy's Account Documentation or GE/Macy's Commercial Account Documentation, Service or otherwise. Licensor shall have the unilateral right, at its sole discretion, to amend Schedule A hereto by substituting a modified logo if such modified logo is adopted by Licensor for all or a substantial portion of its own business or that of any Store Group Licensee. If such modification is made by Licensor, Licensor shall have the right to require Licensees to substitute the modified logo form for the prior logo form. Substitution of the modified logo by Licensees shall be accomplished in accordance with Licensor's directions which shall be reasonably calculated to minimize expense or disruption to the business of Licensor and Licensees, but Licensor may require that such substitution be completed by Licensees as soon as 180 days after the date Licensor notifies Licensee that the substitution is required. Licensor shall reimburse Licensees for all reasonable costs and expenses incurred by any Licensee arising solely as a consequence of such substitution of the modified logo form; provided that Licensees shall reasonably cooperate with Licensor in an attempt to minimize such costs.

(b) In utilizing the Marks, Licensees shall include all notices and legends with respect to the Marks as are or may be required by applicable Laws or which may be reasonably requested by Licensor.

(c) Licensees shall at no time adopt or use, without Licensor's prior written consent, any variation of the Marks or any word or mark similar to or likely to be confused with the Marks.

(d) Licensees shall comply in all material respects with all Laws applicable to the use of the Marks by the Licensees.

(e) Licensees shall not use any other trademarks, trade names, corporate names, company names, business names, fictitious names, trade styles, service marks, logos or other business identifiers in conjunction with the Marks except to the

extent permitted by the Amended and Restated Program Agreement, the Amended and Restated Commercial Accounts Agreement or the GE Capital Services Agreement.

(f) Licensees shall utilize the Marks solely in a manner consistent with the then-current practices of Licensor, and in accordance with good trademark practice.

(g) Licensees shall not do anything or commit any act which harms the goodwill or reputation of Licensor associated with the Marks or prejudice or adversely affect the validity of the Marks or Licensor's ownership thereof.

(h) Licensees shall, during the term of this Agreement and after termination hereof, execute all such documents as Licensor may request from time to time to confirm and enforce Licensor's rights in the Marks and to ensure that all right, title and interest in and to the Marks reside in Licensor, provided that Licensor shall reimburse Licensees for any out-of-pocket costs and expenses incurred in connection therewith.

4. Samples of Licensees' Products and Services and Approvals by Licensor. (a) No GE/Macy's Account Documentation or GE/Macy's Commercial Accounts provided by GE Bank or GE Capital shall be used, distributed or made available to the public in any manner by Licensees except upon the prior submission by Licensees to Licensor of a reasonable number of free samples and Licensor's prior written approval of Licensees' use of the Marks therein; provided, that if Licensor has not responded within six Business Days from receipt its approval shall be deemed to have been given. Licensees shall annually provide Licensor with a reasonable number of samples of all such GE/Macy's Credit Card Documentation so that Licensor may assure itself of Licensees' maintenance of quality standards.

(b) Licensees shall not use the Marks on any service of any type other than as provided herein without Licensor's prior approval, in Licensor's sole discretion.

5. Ownership. (a) Licensees hereby acknowledge Licensor's ownership of Marks and agree not to take or cause any actions to be taken which would interfere with Licensor's ownership, use or registration thereof. Any and all goodwill

arising from use of the Marks under this Agreement shall inure solely to the benefit of Licensor.

(b) Licensees agree that during the term of this License and thereafter they will at no time claim any title to the Marks or any right to use the Marks except as permitted by this Agreement, the Amended and Restated Program Agreement and the GE Capital Services Agreement, including, without limitation, by making any assertion that any failure of Licensor to set standards for, or police Licensees' use of, the Marks results in an abandonment of Licensor's rights in the Marks or that Licensees have any rights hereunder other than as licensees. Licensees shall not during the term of this License or thereafter, directly or indirectly question, attack, contest or, in any other manner, impugn the validity of the Marks or Licensor's rights in and to the Marks, or the License herein granted, including, without limitation thereto, in any action in which enforcement of any provision of this Agreement is sought; nor shall Licensees willingly become a party adverse to Licensor in any litigation in which any third-party is contesting the validity of the Marks or Licensor's rights in and to the Marks.

6. Infringement. Licensees shall promptly bring to Licensor's attention any infringements, dilutions, limitations or unauthorized use of the Marks by others (collectively, "Infringements") of which Licensees become aware. Licensor shall in its sole discretion, take such steps as it deems reasonable in the circumstances to abate such Infringements. Licensor shall have the exclusive right, at its sole cost and expense, to commence or prosecute any action on account of any such Infringements, and Licensees agree to assist and cooperate with Licensor, as Licensor may request, in connection with any such action. Licensor shall have the sole right to settle such Infringements and shall be entitled to all resulting damages and/or other compensation paid by the infringer(s) except to the extent necessary to reimburse any Licensee for any reasonable costs and expenses incurred by it in connection with any action, including, but not limited to, reasonable attorneys' fees.

7. Indemnification. (a) In addition to any indemnification contained in the Amended and Restated Program Agreement, the GE Capital Services Agreement and the Amended and Restated Commercial Accounts Agreement, Licensor, at its sole cost and expense, shall defend and indemnify and save and hold Licensees (which for the purposes of this indemnification includes Licensees, their subsidiaries, divisions, affiliated companies and the officers, directors, employees and agents of each of them) harmless from and against any and all liabilities, claims, causes of action, suits, damages and expenses (including reasonable attorneys' fees) for which Licensees become liable, or may incur or be compelled to pay by reason of claims that Licensees' use of the Marks in accordance with this Agreement violates trademark rights of a third party.

(b) Licensees, at their sole cost and expense, shall defend and indemnify and save and hold Licensor (which for the purposes of this indemnification includes Licensor, its subsidiaries, divisions, affiliated companies and the officers, directors, employees and agents of each of them) harmless from and against any and all liabilities, claims, causes of action, suits, damages and expenses (including reasonable attorneys' fees) for which Licensor becomes liable, or may incur or be compelled to pay by reason of claims relating to use of the Marks by Licensees or their permitted sublicensees (i) other than as permitted by the Amended and Restated Program Agreement, the Amended and Restated Commercial Accounts Agreement, and the GE Capital Services Agreement and (ii) by Licensor at the request or direction of either Licensee, except claims subject to indemnification under Section 7(a) hereof.

8. Effects of Termination. Upon the termination of this Agreement, (i) all rights of Licensees with respect to the Marks under the License granted herein shall terminate and automatically and immediately revert to Licensor and (ii) Licensees shall immediately discontinue the use of the Marks, provided, however, that Sections 3(c), 3(h), 5(b) and 7 hereof shall survive termination of this Agreement.

9. Relationship. Licensees shall act independently

under this Agreement and shall not be deemed expressly or by implication to be an agent, joint-venturer, partner, employee or servant of Licensor for any purpose whatsoever and Licensees have no authority (and shall not hold themselves out as having any authority) hereunder to bind Licensor or the Store Group Licensees in any manner. Licensees' employees shall not be deemed Licensor's employees for any purpose. Licensor shall be responsible for all duties, tariffs, taxes, reports, fees and other similar charges or requirements imposed with respect to the use of the Marks under this Agreement other than (i) Licensees' income taxes and (ii) state franchise taxes to which Licensees may be subject.

10. Assignment. This License is personal to Licensees and Licensees may not sublicense or assign their rights or delegate any of their duties or obligations hereunder except in connection with an assignment or transfer by GE Bank to an Affiliate of GE Bank of any or all of its rights or obligations pursuant to the terms of the Amended and Restated Program Agreement or by GE Capital pursuant to the terms of the Amended and Restated Commercial Accounts Agreement or the GE Capital Services Agreement. Any sublicense or assignment in violation hereof or by operation of law shall be null and void. No assignment or sublicense shall be made unless and until such assignee or sublicensee has agreed in writing to be bound by this Agreement, in this form, or otherwise by an instrument reasonably acceptable to Licensor. Any assignments or transfers by Licensor shall not relieve Licensor from its obligations hereunder and the assignee or transferee of this Agreement shall assume, by instrument reasonably acceptable to Licensees, the assignor's obligations under this Agreement theretofore and thereafter arising. Any assignment or transfer by any Licensee or its assignees pursuant to this Section 10 shall relieve such Licensee or such assignee of its obligations hereunder and such party shall no longer be a party to this Agreement; provided, that (i) the Amended and Restated GE Capital Guaranty dated as of the date hereof made by GE Capital in favor of the Guaranteed Parties

specified therein is confirmed by GE Capital at the time of such assignment and (ii) the assignee assumes by instrument reasonably satisfactory to Licensor, all of assignor's obligations under this Agreement theretofore and thereafter arising. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective legal representatives and permitted successors and assigns. Notwithstanding the foregoing, Licensees shall each be permitted to allow their non-Affiliated designees to utilize the Marks to perform the services that such designees may perform pursuant to the terms of the Amended and Restated Program Agreement, the Amended and Restated Commercial Accounts Agreement and the GE Capital Services Agreement, provided that any such sublicensees or designees shall acknowledge Licensor's rights with respect to the Marks and shall agree that Licensor may, at its option, enforce its rights with respect to the Marks directly against such sublicensee or designee. Licensees shall be responsible for any use of the Marks by their sublicensees or designees to the same extent as Licensees are responsible for their own use of the Marks.

11. Material Furnished by Licensor. In addition to the requirements of Section 3 hereof, Licensees shall use their best efforts to use all art work, photographs, drawings, samples, graphics requirements and other such materials relating to the Marks, the GE/Macy's Credit Card Documentation, the GE/Macy's Commercial Accounts Documentation and the Services and Licensor shall cooperate with Licensees in furnishing such materials which may be reasonably requested by Licensees.

12. Notices. All notices and statements to be given by the parties to this Agreement shall be given or made as applicable in the same number as notices are required or permitted to be given pursuant to the Amended and Restated Program Agreement.

13. Governing Law. The construction, validity, performance and enforcement of this Agreement, shall be governed by the Laws of the State of New York, without giving effect to principles of conflicts of law thereof.

14. Further Assurances. The parties agree to promptly execute and deliver all further instruments, agreements or other

documents to further the purposes of this Agreement.

15. Modification, Amendment, Supplement or Waiver. No modification, amendment, supplement to or waiver of this Agreement or any of its provisions shall be binding upon the parties hereto unless made in writing and duly signed by the party or parties against whom any waiver, change, amendment, modification or discharge may be sought. A failure or delay of any party to this Agreement to enforce at any time the provisions of this Agreement or to require at any time performance of the provisions hereof, shall in no way be construed to be a waiver of such provisions of this Agreement. A waiver by any party of the terms and conditions of this Agreement in any one instance shall not be deemed a waiver of such terms or conditions in the future, or of any subsequent breach thereof.

16. Irreparable Injury. Licensees hereby acknowledge and agree that any unauthorized use of the Marks in violation of the terms of this Agreement would cause Licensor immediate and irreparable injury and that (in addition to all other remedies available to Licensor) Licensor shall be entitled to injunctive and/or equitable relief to prevent a breach of such obligations and to secure enforcement thereof and compliance therewith.

17. Joint and Several Obligations. All obligations of Licensees hereunder shall be joint and several obligations of Licensees.

18. Entirety of Agreement. This Agreement in conjunction with the Transaction Documents constitute the entire agreement between the parties hereto with respect to the subject matter hereof and supersede all prior agreements, promises, representations, understandings and negotiations whether written or oral, between the parties with respect thereto.

19. Separability. Any term or provision of this Agreement which is invalid or unenforceable shall be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement.

20. Headings. The headings in this Agreement are for

reference purposes only and shall not affect the meaning or interpretation of this Agreement.

21. Consent of Store Group Licensees.

Contemporaneously herewith, the Store Group Licensees are executing the Consent of Store Group Licensees annexed hereto as Schedule B.

IN WITNESS WHEREOF, the parties hereto intending to be legally bound, have entered into this Agreement as of the day and year first above written.

FEDERATED DEPARTMENT STORES, INC.

By: /s/Ronald W. Tysoe
Name: Ronald W. Tysoe
Title: Vice Chairman and Chief Financial Officer

GE CAPITAL CONSUMER CARD CO.

By: /s/ Kevin Knight
Name: Kevin Knight
Title: Executive Vice President

GENERAL ELECTRIC CAPITAL CORPORATION

By: /s/ Richard A. Hayes
Name: Richard A. Hayes
Title: Senior Vice President Retailer Financial Services

SCHEDULE A

LIST OF MARKS

STORE GROUP LICENSEE	MARKS
----------------------	-------

- | | |
|-----------------------|---|
| (1) MACY'S EAST, INC. | Reg'd Macy's (and design) |
| | Unreg'd Macy's Gold+ |
| | Unreg'd Flexible (Flex)+ |
| | Unreg'd Santa Society + |
| | Unreg'd Time Option Plan (TOP)+ |
| | Unreg'd Club Plan+ |
| | Unreg'd Homemaker+ |
| | Reg'd Bamberger's* |
| | Unreg'd Credit Now + |
| | Unreg'd In-Person+ |
| (2) MACY'S WEST, INC. | Reg'd Macy's (and design) |
| | Unreg'd All Purpose Account+ |
| | Unreg'd Time Option Plan (TOP)+ |
| | Unreg'd Club Plan+ |
| | Unreg'd 30-Day Regular Account+ |
| | Unreg'd Macy's Business Account+ |
| (3) BULLOCK'S, INC. | Reg'd Bullock's (and design) |
| | Unreg'd Prestige Bullock's Account (PBA)+ |

Unreg'd Termway+
Unreg'd Club Plan+
Unreg'd Regular Thirty Day (RTD)+
Unreg'd Silver Club Plan+
Reg'd Bullocks Wilshire*
Unreg'd Take-A-Minute
Unreg'd Take-One
Unreg'd Take Charge!

(4) MSS-DELAWARE, INC. Reg'd Charter Club

+ Each Mark denoted with a cross is to be used only in connection with the type of account with which it is used by the respective Store Group Licensees as of the date hereof and not with any other type of account.

* Each Mark denoted with an asterisk is to be used only in connection with the servicing of existing customer accounts having credit cards issued under such Mark solely to the extent used by the respective Store Group Licensees as of the date hereof. Marks denoted with an asterisk are not to be used to open any new account or service any other account whatsoever, or to replace any existing credit card or account.

SCHEDULE B

CONSENT OF STORE GROUP LICENSEES

Effective as of June 4, 1996, the undersigned each acknowledge that their respective use of the Marks listed on Schedule A hereto is exclusively by virtue of the trademark and service mark license agreement entered into by each of them with Federated Department Stores, Inc. ("Licensor") and each hereby consents to the terms and conditions of the License for use of such Marks with is granted to GE Capital Consumer Card Co. and General Electric Capital Corporation by virtue of the Amended and Restated Trade Name and Service Mark License Agreement to which this Schedule B is attached.

Macy's East, Inc.
Macy's West, Inc.
Broadway Stores, Inc.
Bullock's, Inc.
MSS-Delaware, Inc.

By: /s/ Robert C. Seppelt
Name: Robert C. Seppelt
Title: Vice President

FACS CREDIT SERVICES AND LICENSE AGREEMENT *

This FACS CREDIT SERVICES AND LICENSE AGREEMENT, dated as of June 4, 1996, is entered into by and among GE Capital Consumer Card Co. ("GE Bank"), General Electric Capital Corporation ("GE Capital") (GE Bank and GE Capital being sometimes referred to herein as the "GE Parties") and FACS Group, Inc. ("FACS"). Certain capitalized terms used herein have the meanings given to them in Article 1 hereof or, if not defined herein, have the meanings given to them in the Program Agreement or the Commercial Accounts Agreement.

WHEREAS, GE Capital is the owner of the GE/Macy's Commercial Accounts and GE Bank is the owner of the GE/Macy's Accounts;

WHEREAS, FDS National Bank ("FDS Bank") is the owner of the FDS/Macy's Accounts and certain other private label credit card accounts (the "Other FDS Accounts") and Federated Department Stores, Inc. ("FDS") is the owner of certain commercial private label credit card accounts (the "Commercial FDS Accounts");

WHEREAS, GE Bank has provided heretofore all credit processing and collection services with respect to the GE/Macy's Accounts utilizing credit systems owned or licensed by GE Capital and GE Capital has provided certain credit services with respect to certain FDS/Macy's Accounts, and FACS has provided all credit processing and collection services with respect to the Other FDS Accounts, the Commercial FDS Accounts and certain FDS/Macy's Accounts utilizing credit systems owned or licensed by FACS or its affiliates;

WHEREAS, the GE Parties, FDS and FDS Bank wish to facilitate generally uniform treatment of, and performance by, the GE/Macy's Serviced Accounts and FDS/Macy's Accounts by utilizing common systems and software for the servicing of all such accounts;

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* Confidential portions of this Exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

WHEREAS, the GE Parties, FDS and FDS Bank expect that certain economies of scale would be derived from allocating the responsibility for providing all credit processing services required with respect to GE/Macy's Serviced Accounts, FDS/Macy's Accounts and Other FDS Accounts between GE Capital and FACS such that each would provide certain credit services with respect to such accounts;

WHEREAS, in furtherance of the foregoing, (a) the GE Parties and FACS are entering into this Agreement for purposes of setting forth the terms and conditions that will govern the provision of certain services by FACS to the GE Parties and the license by FACS to the GE Parties of the FACS Credit System and (b) GE Capital, FACS, FDS Bank and FDS are entering into, contemporaneously herewith, the GE Capital Services Agreement for purposes of setting forth the terms and conditions that will

govern the provision of certain services by GE Capital to FDS Bank and FDS and the license by GE Capital to FACS of certain credit software.

NOW, THEREFORE, in consideration of the terms and mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE 1 DEFINITIONS

1.1 Definitions

. When used in this Agreement, the following capitalized terms shall have the meaning specified below:

"Agreement" means this FACS Credit Services and License Agreement as it may be amended, modified or restated from time to time.

"Authorized GE Users" has the meaning given to it in Section 4.2(b).

"Authorized Systems Uses" has the meaning given to it in Section 4.1(c).

"Commercial Accounts Agreement" means the Amended and Restated Commercial Accounts Agreement, dated as of the date hereof, entered into by and among GE Capital, FDS, FDS Bank and the other parties thereto as it may be amended, modified or restated from time to time.

"Deemed Prepared" has the meaning given to it in Section 8.7.

"FACS Credit Software" means the credit systems software identified in Section I of Exhibit B.

"FACS Event of Default" has the meaning given to it in Section 8.1.

"FACS Credit System" means the mainframe computer system and FACS Credit Software developed, owned and utilized by FSG and FACS, and utilized by FSG and FACS to provide credit processing services to FDS Bank, as the same may be modified, enhanced or replaced from time to time after the date hereof.

"FACS License" means the license of the FACS Credit System by FACS to the GE Parties pursuant to Section 4.2.

"FACS Services" means the services required to be provided by FACS hereunder with respect to the GE/Macy's Serviced Accounts as described in Article 3 hereof and in Section I of Exhibit A hereto.

"FSG" means Federated Systems Group, Inc., a wholly owned subsidiary of Federated and an affiliate of FACS.

"GE Capital Services Agreement" means the GE Capital Credit Services and License Agreement among GE Capital, FDS Bank, FDS and FACS dated as of the date of this Agreement as it may be amended, modified or restated from time to time.

"GE Capital Credit Software" has the meaning given to it in the GE Capital Services Agreement.

"GE Conversion Information" means the following written information provided by either of the GE Parties to FDS or its Affiliates: (i) the documents and materials attached hereto as Exhibit C, (ii) a personal computer disk containing billing terms regarding the GE/Macy's Serviced Accounts and (iii) the Master

File delivered by the GE Parties to FACS containing GE/Macy's Account information.

"GE Event of Default" has the meaning given to it in Section 8.3.

"GE Information" means data with respect to GE/Macy's Serviced Accounts transmitted by computer to FACS.

"GE Information Condition" means, with respect to any GE Information, that (i) such information is received by FACS at a time which allows FACS to perform the FACS Services as required hereby, (ii) such information is complete and accurate and (iii) such information is in a form that is readily usable by the FACS Credit System.

"GE/Macy's Serviced Account" means (i) any GE/Macy's Account and (ii) any GE/Macy's Commercial Account (as defined in the Commercial Accounts Agreement).

"Licensed Location(s)" means the location(s) identified in Section II of Exhibit B in which certain authorized employees of the GE Parties may access and use the FACS Credit System in accordance with the FACS License.

"Material Adverse Effect" means any material adverse change in the quality or financial condition of the GE/Macy's Serviced Accounts, taken as a whole.

"Program Agreement" means the Amended and Restated Credit Card Program Agreement, dated as of the date hereof, entered into by and among FDS, FDS Bank, GE Bank and the other parties thereto as it may be amended, modified or restated from time to time.

"Service Fees" means the fees payable by the GE Parties for the FACS Services, as specified in Article 3.

"Service Standards" means the minimum service performance levels at which the FACS Services are required to be provided hereunder, as specified in Section II of Exhibit A.

"Term" has the meaning given to it in Section 2.1 hereof.

1.2. General

. Except as the context may otherwise require, (i) words of any gender include the other gender, (ii) words using the singular or plural number also include the plural or singular number, respectively, (iii) the terms "hereof", "herein", "hereby", and any derivative or similar words refer to this entire Agreement, and (iv) the term "including" means "including, but not limited to". Whenever this Agreement refers to a number of days or months, such number shall refer to calendar days or months unless otherwise specified. The Exhibits and Schedules attached hereto are incorporated herein by this reference and constitute a part of this Agreement.

ARTICLE 2 TERM

2.1 Term

. The term of this Agreement shall commence on the date hereof and expire simultaneously with the termination of the Program Agreement, unless sooner terminated as provided herein (the "Term"), provided that following termination of this Agreement the GE Parties shall have the right to require FACS to continue providing all or a portion of the FACS Services for up to six (6) months after termination pursuant to the provisions of Section 8.6.

ARTICLE 3
CREDIT SERVICES

3.1 Appointment of FACS

. GE Bank hereby appoints FACS, and FACS hereby accepts appointment, as the agent of GE Bank for providing the FACS Services with respect to the GE/Macy's Accounts. GE Capital hereby appoints FACS, and FACS hereby accepts appointment, as the agent of GE Capital for providing the FACS Services with respect to the GE/Macy's Commercial Accounts. The parties hereto acknowledge and agree that notwithstanding any other provisions of this Agreement to the contrary, all obligations of FACS to perform the FACS Services shall be subject to the prior satisfaction of the GE Information Condition.

3.2 FACS Services

. FACS shall provide the FACS Services (including, without limitation, delivery of the reports described in Schedule A-3 hereof) and shall comply with the Credit and Collection Policy and the GE Capital License (as defined in the GE Capital Services Agreement) in providing the FACS Services. In this regard, FACS agrees to be bound by and to comply with the terms and conditions of the Program Agreement, including, without limitation, Sections 2.2, 4.4 and 4.5 thereof. FACS shall operate credit operations and facilities in a high quality, ethical manner, in such a way as not to disparage or embarrass the GE Parties or any of their names, and with a level of service to the holders of GE/Macy's Accounts and the GE/Macy's Commercial Accounts that is not less than the level of service provided to (i) the holders of GE/Macy's Accounts by GE Bank prior to the date hereof and to the holders of GE/Macy's Commercial Accounts by GE Capital prior to the date hereof and (ii) the holders of FDS/Macy's Accounts by FACS from and after the date hereof. The FACS Services provided to the GE/Macy's Serviced Accounts shall be of the same type, quality and nature as, and implemented and executed in the same manner as, the services provided by FACS to FDS Bank with respect to the FDS/Macy's Accounts, except to the extent such services may differ due to changes to the Credit and Collection Policy applicable to only the GE/Macy's Serviced Accounts or FDS/Macy's Accounts pursuant to the provisions of Sections 4.4 or 4.5 of the Program Agreement.

3.3 Service Standards

. FACS shall use its best efforts to (i) design systems to achieve, (ii) employ qualified personnel to meet, and (iii) otherwise satisfy on average (determined with respect to each FDS full fiscal quarter commencing after the completion of the relevant conversion) the Service Standards.

3.4 Service Fees

. For the FACS Services provided hereunder by FACS with respect to the GE/Macy's Accounts and the GE/Macy's Commercial Accounts, GE Bank and GE Capital, respectively, shall pay FACS a monthly service fee in an amount equal to [OMISSION]% of budgeted GE/Macy's Credit Sales as set forth on Schedule 5.2 of the Program Agreement. The Service Fees with respect to the GE/Macy's Accounts shall be expenses of the Program for purposes of calculating the Bank Net Return and shall be payable by GE Bank by adjusting the Projected Monthly Discount for the month in which the Service Fee is incurred or in such other manner as the parties may mutually agree. The Service Fees with respect to the GE/Macy's Commercial Accounts shall be expenses of the Commercial Accounts Program and shall be payable by GE Capital by adjusting the Projected Monthly Discount for the month in which the Service Fee is incurred or in such other manner as the parties may mutually agree.

3.5 Compliance with Law

. FACS shall implement and execute the Credit and Collection Policy in compliance with all requirements of applicable Law and shall perform the FACS Services in compliance with all requirements of applicable Law, except, in either case, to the extent a failure of FACS to so implement, execute and perform in compliance with applicable Law is due solely to (i) the failure of the GE Conversion Information to be accurate, (ii) the failure of the GE Information Condition to be satisfied or (iii) FACS following the specific written instructions of an Authorized GE Person.

3.6 Use of Fraud Data Base

. All determinations regarding the manner and use of fraud data bases in connection with the performance of the FACS Services shall be determined by the Policy Committee and FACS agrees that it will so use fraud data bases in a manner consistent with the directions of the Policy Committee.

3.7 Third Party Review

. Within 120 days after the date hereof, FACS will cause to be completed an initial operational and/or systems review of FACS by an independent third party accounting firm reasonably satisfactory to GE Bank and shall provide GE Bank with a copy of all reports generated by such review (and the work papers related thereto) promptly after available. If any regulatory authority with jurisdiction over GE Bank requests a third party operational and/or systems review of FACS, the FACS Credit System and/or all systems relating to the FACS Services, FACS shall, upon the request of GE Bank, cause such a review (the scope of which meets such regulatory requirements) to be conducted by an independent third party accounting firm reasonably satisfactory to GE Bank and shall provide GE Bank with a copy of all reports generated by such review (and the work papers related thereto) promptly after available. The expenses of any such review shall be borne by FACS.

3.8 Cooperation

. FACS agrees to cooperate with the GE Parties in resolving all disputes with GE/Macy's Account Debtors.

ARTICLE 4 SYSTEMS

4.1 Systems.

(a) Conversion. FACS and the GE Parties shall cooperate so that FACS is able to accomplish the conversion of all GE/Macy's Serviced Accounts to the FACS Credit System and in an accurate, orderly and efficient manner in accordance with an agenda and schedule agreed to by all parties hereto. FACS agrees to use commercially reasonable efforts to effect such conversion in an accurate, orderly and efficient manner, except to the extent such conversion fails to be accurate, orderly and efficient due solely to the failure of the GE Conversion Information to be accurate in all material respects.

(b) Systems. During the Term, FACS shall utilize the FACS Credit System and the GE Capital Credit Software for providing the FACS Services required to be provided hereunder by FACS.

(c) Access. During the Term, subject to and in accordance with the FACS License, FACS shall provide the GE Parties all such links and access to the FACS Credit System as may be necessary in order to enable the GE Parties (i) to receive the FACS Services hereunder, (ii) to view such screens as may be necessary for the GE Parties to observe the GE/Macy's Serviced Accounts and FDS/Macy's Accounts, (iii) to monitor and obtain information regarding the GE/Macy's Serviced Accounts and the FDS/Macy's Accounts, and (iv) to permit the GE Parties to fulfill

all of their obligations and exercise all of their rights hereunder, under the Program Agreement, the Commercial Accounts Agreement, the GE Capital Services Agreement and the GE Capital/GE Bank Credit Services Agreement (items (i) through (iv), collectively, the "Authorized Systems Uses").

(d) Modifications and Enhancements. FACS shall not modify, enhance or replace the FACS Credit System in any way that would cause any amendment or modification to the Major Credit and Collection Policies without the prior written consent of GE Bank. In the event that any portion of the FACS Credit System which relates to or affects any of the Authorized Systems Uses is modified, enhanced or replaced, FACS shall provide to the GE Parties, when such modification, enhancement or replacement is released for use in conjunction with the FDS/Macy's Accounts, the benefit thereof at no cost to the GE Parties. If any such modification, enhancement or replacement would require the GE Parties to incur any costs or expenses to permit the GE Parties' credit system (as existing as of the date hereof) to be compatible with the FACS Credit System so as to enable the GE Parties to exercise the Authorized Systems Uses, such costs shall be expenses of the Program.

(e) Deconversion Software. FACS shall use its best efforts to assist the GE Parties in formulating and maintaining deconversion software which provides mapping between the FACS Credit System and the GE Parties' computer system and shall provide the GE Parties monthly with copies of all FACS back-up tapes relating to the GE/Macy's Serviced Accounts.

4.2 License.

(a) Grant of License. FACS hereby grants to each of the GE Parties, for the Term and for the period of any extended servicing pursuant to Section 8.6, a non-exclusive and non-transferable license to use the FACS Credit System in the Licensed Locations strictly as set forth in this Section 4.2.

(b) Permitted Use. As further set forth herein, the FACS Credit System may be used only at the Licensed Locations by employees of the GE Parties ("Authorized GE Users") who are provided with passwords approved by FACS and who are listed on a list of authorized users (which list will include the extent of such authorized users' authority to use the FACS Credit System) maintained by the GE Parties and provided to FACS. The Authorized GE Users may only use the FACS Credit System for the Authorized Systems Uses.

(c) Authorized Users. The GE Parties may amend the list of Authorized GE Users from time to time by providing reasonable notice of such amendments to FACS, and FACS agrees to promptly provide any new Authorized GE Users with appropriate passwords. In the event any Authorized GE User ceases to be an employee of one of the GE Parties or ceases to have responsibilities related to the Program, the GE Parties agree (i) to provide FACS with notice thereof as promptly as practicable, but in no event later than thirty (30) days thereafter, in order to permit FACS to terminate such employee's password and (ii) to be responsible for such employee's password until the date such notice is provided to FACS. The GE Parties shall provide FACS with an updated list of the Authorized GE Users within twenty (20) days after the end of each calendar quarter.

(d) Additions to or Relocations of Licensed Locations. In the event that any Licensed Location is relocated or any new Licensed Location is added, the GE Parties shall give reasonable advance notice of such relocation or addition to FACS and any costs and expenses required to be incurred by FACS or the GE Parties so that FACS can fulfill its obligations hereunder as a result of such relocation or addition of a Licensed Location shall be borne by the GE Parties.

(e) Limitations. The GE Parties may not:

(i) use the FACS Credit System except as permitted herein or in any location other than a Licensed Location;

(ii) copy or duplicate the FACS Credit System except as necessary to utilize the same as specifically permitted herein;

(iii) remove any proprietary or copyright legend from the FACS Credit System;

(iv) create, or authorize any other party to create, the source code to the FACS Credit System by reverse engineering, decompiling or otherwise;

(v) permit access to the FACS Credit System to any Person other than an Authorized GE User and without requiring each such Authorized GE User to sign a confidentiality agreement in the form of Exhibit D and undertake to protect the confidentiality of the sign-on code or password of such individual;

(vi) modify or alter any of the FACS Credit System; or

(vii) use any software to access the FACS Credit System screens or data other than (x) the software described on Schedule 4.2(e) hereto (as such schedule may be amended from time to time by the GE Parties with the prior approval of FACS which approval shall not be unreasonably withheld) and (y) in a manner which FACS has had the opportunity to review and has approved in writing.

(f) Property Rights. The GE Parties acknowledge that the FACS Credit System is proprietary to, and is the property of, FACS and that the FACS Credit System contains the confidential, proprietary and trade secret information of FACS and that FACS will be irreparably harmed and will have no adequate remedy at law if the GE Parties fail to perform any of their obligations under this Section 4.2. It is accordingly agreed that, in addition to any other remedies which may be available at law or in equity, FACS shall have the right to obtain injunctive relief to restrain a breach or threatened breach of, or otherwise obtain specific performance of, the GE Parties' covenants and agreements contained in this Section 4.2.

4.3 Maintenance

. During the Term, FACS shall provide, or cause to be provided, maintenance services to the GE Parties with respect to the FACS Credit System as described in this Section 4.3.

(a) Help Desk. FACS shall maintain a help desk which the GE Parties may access by telephone during all hours when collections on the GE/Macy's Serviced Accounts may be legally made. Such help desk shall be available to the GE Parties for problem reporting.

(b) Code Corrections. FACS shall provide to the GE Parties, from time to time, any known code corrections that may be made to the FACS Credit Software promptly after such corrections are made by or become available to FACS.

4.4 License Fees

. For the license and maintenance services provided hereunder, the GE Parties shall pay to FACS a one-time license fee of \$[OMISSION].

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

5.1 Mutual Representations and Warranties

. Each party to this Agreement represents and warrants to the other party on the date hereof and on each date that FACS provides any of the FACS Services hereunder that:

(i) Such party (A) is duly organized, validly existing, and in good standing under the laws of the jurisdiction of its organization; (B) is duly qualified and in good standing under the laws of each jurisdiction where its ownership or lease of property or the conduct of its business requires such qualifications, except (x) in the case of FACS, where failure to be so qualified would not have a Material Adverse Effect or a material adverse effect on the ability of FACS to perform its obligations pursuant to the terms of this Agreement and (y) in the case of the GE Parties, where failure to be so qualified would not have a material adverse effect on their ability to perform their obligations hereunder; (C) has the requisite power and authority and the legal right to own, pledge, mortgage, and operate its properties, to lease the properties it operates under lease, and to conduct its business as now conducted and hereafter contemplated to be conducted; (D) has all necessary licenses, permits, consents, or approvals from or by, and has made all necessary notices to, all authorities having jurisdiction, to the extent required for such current ownership and operation or as proposed to be conducted, except (x) in the case of FACS, where failure to obtain such license, consent, permit or approval, or to give such notice would not have a Material Adverse Effect or a material adverse effect on the ability of FACS to perform its obligations pursuant to the terms of this Agreement and (y) in the case of the GE Parties, where the failure to obtain such license, consent, permit or approval or to give such notice would not have a material adverse effect on their ability to perform their obligations hereunder; and (E) is in compliance with its certificate of incorporation and by-laws.

(ii) The execution, delivery, and performance of this Agreement and all instruments and documents to be delivered hereunder: (A) are within such party's power; (B) have been duly authorized by all necessary or proper action of such party; (C) do not and will not contravene any provisions of such party's certificate of incorporation or by-laws; (D) will not violate any law or regulation or any order or decree of any court or governmental instrumentality applicable to such party; (E) will not conflict with or result in the breach of, or constitute a default under any indenture, mortgage, deed of trust, lease, agreement, or other instrument to which such party is a party or by which any of its property is bound; and (F) do not require any filing or registration with or the consent or approval of any governmental body, agency, authority, or any other person which has not been made or obtained previously. Each party to this Agreement further represents and warrants that this Agreement has been duly executed and delivered by, and constitutes a legal, valid, and binding obligation of such party, enforceable against it in accordance with its terms, subject to the extent that enforceability may be limited by applicable bankruptcy, reorganization, insolvency, moratorium and other laws affecting creditors' rights generally from time to time in effect and to the availability of equitable remedies.

5.2. Representations and Warranties of FACS

. FACS represents and warrants to the GE Parties, on behalf of itself and any Affiliate performing any of the FACS Services, on the date hereof and on each date that FACS provides any of the FACS Services hereunder that:

(i) FACS (A) has all of the necessary facilities, equipment and personnel to provide the FACS Services in accordance with the terms of this Agreement; and (B) has and shall maintain disaster recovery procedures and systems with

respect to the GE/Macy's Serviced Accounts at least comparable to those maintained on the date hereof for the FDS/Macy's Accounts and Other FDS Accounts.

(ii) FACS is Solvent.

(iii) FACS is not in default with respect to any material contract, agreement, lease, or other instrument to which it is a party, nor has it received any notice of default under any such material contract, agreement, lease or other instrument which as a consequence of any such default, would materially and adversely affect the performance of its obligations under this Agreement.

(iv) No contract, lease, agreement, or other instrument to which FACS is a party or by which it is bound, and no provision of applicable Law, materially and adversely affects the business, operation, prospects, property, or financial condition of FACS such as to impair its ability to meet its obligations under this Agreement.

(v) FACS has the right to use the FACS Credit System to provide the FACS Services hereunder without infringement or violation of the intellectual property, trademark, trade secret, copyright, patent or other rights of others.

(vi) FACS has the right to license the FACS Credit System hereunder without infringement or violation of the intellectual property or other rights of others, provided that this warranty is limited and does not apply to (x) the use of the FACS Credit System other than in accordance with the FACS License and the operating instructions provided by FACS and (y) any copy of the FACS Credit Software that is modified by any person other than an authorized representative of FACS.

ARTICLE 6 CONFIDENTIALITY

6.1 Trade Secrets and Confidential Information

. FACS, on the one hand, and the GE Parties, on the other, acknowledge that in the course of performance hereunder, each of them and/or their respective Affiliates may receive the trade secrets and confidential information of the other.

(a) Trade Secrets. As used herein, "trade secrets" shall mean information including or containing technical or non-technical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, or a list of actual or potential customers or suppliers that (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

(b) Confidential Information. As used herein, "confidential information" shall mean information including data, as to operation, use, prices, sales, vendors, customer lists, customer information, account information, business plans or administrative, financial or marketing plans, that is competitively sensitive and not generally known by or made available to the public, or that are treated as confidential by the owner thereof but that does not rise to the level of a trade secret under applicable law.

6.2 Non-Disclosure Obligations

. FACS, on the one hand, and the GE Parties, on the other, acknowledge that the confidentiality of the trade secrets and the confidential information of the other is necessary and,

except as provided in Section 6.3, agree at all times, during and after the Term, not to use, communicate, publish, disclose or disseminate, directly or indirectly, any trade secrets or confidential information of the other for any purpose except for the purpose of performing in accordance with this Agreement. In the event any information can be treated as both trade secrets and confidential information, such information shall be treated as trade secrets for purposes of this Agreement. Each party shall use the same care to prevent disclosure to third parties of the trade secrets and confidential information of the other as it employs to avoid disclosure, publication or dissemination of its own information of a similar nature. Use or disclosure by the GE Parties of the FACS Credit System in any manner other than as permitted herein, in the Program Agreement, in the Commercial Accounts Agreement or in the GE Capital Services Agreement shall be an unauthorized disclosure of FACS's trade secrets. The parties agree that, in addition to any other remedies which may be available at law or in equity, each party shall have the right to obtain injunctive relief to restrain a breach or threatened breach, or otherwise obtain specific performance of, the other party's covenants and agreements in this Section 6.2.

6.3 Permitted Disclosure

. Notwithstanding the foregoing, a receiving party may disclose some or all of the trade secrets and confidential information of the other party which are:

(i) required to be disclosed by law or order of court or governmental agency applicable to the receiving party, provided that the receiving party shall give prompt notice to the other party of any request for such disclosure so that the other party may seek a protective order or other appropriate remedy, and notwithstanding any such disclosure, such disclosed trade secrets or confidential information shall remain confidential and otherwise subject to the provisions of Article 6;

(ii) generally known and available in the public domain, or become part of the public domain through no violation of any confidentiality provisions of this Agreement; or

(iii) developed by the recipient or its representatives independently of such information or trade secrets.

6.4 Use of Trade Secrets or Confidential Information

. Neither FACS nor the GE Parties may:

(i) acquire any right in or assert any lien against the trade secrets or confidential information of the other; or

(ii) refuse to return promptly upon the reasonable request of the other as permitted herein any confidential information or trade secrets of the other that it may have in its possession.

ARTICLE 7 INDEMNIFICATION

7.1 Indemnification.

(a) Indemnification by FACS. FACS shall indemnify, defend and hold harmless each of the GE Parties and each of their Affiliates and the officers, directors, employees, agents, shareholders, successors and assigns of the GE Parties and each of their Affiliates (collectively, the "GE Indemnified Parties") from and against any and all claims, actions, damages, losses, liabilities, costs and expenses, including reasonable attorneys' fees and expenses (collectively "Damages") caused by, relating to or arising out of (i) the failure of any

representation or warranty of FACS hereunder to be true and correct in any material respect when made or remade; (ii) the breach by FACS or any of its Affiliates of any of their covenants or agreements hereunder; (iii) any act or omission by FACS or its Affiliates, employees or agents in performing, implementing and/or executing the FACS Services and the Credit and Collection Policy, except to the extent (x) the Credit and Collection Policy specifically describes how such act should be implemented and FACS implemented such act in conformity with such description (other than modifications to the Credit and Collection Policy (including the Major Credit and Collection Policies) made by FDS without the approval of the Policy Committee pursuant to Section 4.4 of the Program Agreement), (y) any such performance, implementation or execution was effected in accordance with specific written instructions from an Authorized GE Person or (z) the Damages arising out of such act or omission are due solely to the failure of the GE Conversion Information to be accurate or the GE Information Condition to be satisfied; (iv) any acts or omissions of the GE Parties, their employees or any of their agents taken at the specific written request of any Authorized FDS Person; (v) notwithstanding the provisions of Section 7.1(a) (iii) hereof, any judgmental decisions (i.e., any determination or decision made which is not specifically dictated by the Credit and Collection Policy) effected by FACS or its employees or agents in effecting the FACS Services and (vi) the failure of the FDS Information (as defined in the GE Capital/GE Bank Services Agreement) provided to GE Capital pursuant to the terms of the GE Capital/GE Bank Services Agreement to be accurate.

(b) Indemnification by the GE Parties. The GE Parties shall indemnify, defend and hold harmless FACS and its Affiliates and the officers, directors, employees, agents, shareholders, successors and assigns of FACS and each of its Affiliates (collectively, the "FACS Indemnified Parties") from and against any and all Damages caused by, relating to or arising out of (i) the breach by the GE Parties of any of their covenants or agreements hereunder; (ii) the failure of any representation or warranty of the GE Parties hereunder to be true and correct in any material respect when made or remade; (iii) any act or omission by FACS or its employees or agents in performing, implementing and/or executing the FACS Services and the Credit and Collection Policy effected in accordance with specific written instructions from an Authorized GE Person; and (iv) the failure of the GE Conversion Information to be accurate in any material respect.

7.2 Infringement Indemnity

(a) Indemnity. FACS shall indemnify, defend and hold harmless each of the GE Indemnified Parties from and against any and all Damages caused by, relating to or arising out of any claim of infringement asserted in the United States by third parties of any United States letters patent, trade secrets, copyright, trademark, service mark, trade name, or similar proprietary right conferred by common law or by any statute that is alleged to have occurred because of use by the GE Parties of the FACS Credit System as permitted herein.

(b) Remedies. In the event a GE Indemnified Party is enjoined by reason of any infringement claim, FACS shall, without limiting any other rights of the GE Indemnified Party, either:

(i) procure the right to continue to use the FACS Credit System or any component thereof, as contemplated hereunder or, at its option,

(ii) replace or modify the FACS Credit System or any component thereof, to permit the performance of, or to render use thereof, or any component thereof, noninfringing while performing substantially the same functions without substantial degradation of performance.

(c) Limitations. Notwithstanding the provisions of this Section 7.2, FACS shall not have any duty to investigate or warn the GE Indemnified Party of any such possibility of infringement.

7.3 Conduct of Litigation

. In the event a claim or judicial action is brought or threatened against an indemnified party with respect to matters covered by Section 7.1 or 7.2, the indemnifying party shall have the sole right to defend such claim or action at its expense and to control the defense and settlement thereof, provided, that the indemnified party shall have the right to participate in such defense and negotiations using counsel at its own expense and the indemnifying party shall obtain the indemnified party's consent, prior to entering into a settlement, consent decree, compromise or consenting to any injunctive relief with respect to such claim or action. Any indemnified party shall provide prompt notice to the indemnifying party of any claims for which the indemnified party intends to seek indemnification for hereunder, provided that the failure to provide such notice shall not affect the obligations of the indemnifying party except to the extent such failure causes actual harm to the indemnified party.

ARTICLE 8 DEFAULT; REMEDIES

8.1 FACS Events of Default

. It shall be a "FACS Event of Default" if any of the events set forth below shall occur and be continuing and remain unremedied prior to the expiration of the specified period.

(a) Service Standards Default. If FACS shall consistently fail to perform its obligations under Section 3.3, and such consistent failure to perform shall (i) have a Material Adverse Effect or a material adverse effect on the Program, and (ii) remain unremedied for a period of seventy-five (75) days after delivery of written notice thereof by either GE Bank or GE Capital to FACS.

(b) Credit and Collection Policy Defaults.

(i) If FACS shall fail to perform the FACS Services in accordance with any provision of the Credit and Collection Policy where such failure is or results in a violation of applicable Law, and such failure is not remedied within seven (7) days after delivery of written notice thereof by either GE Bank or GE Capital to FACS; provided that if, notwithstanding FACS's diligent, best efforts to cause its employees and agents to perform the FACS Services so as not to violate applicable Law, certain employees or agents have failed to so perform the FACS Services, the time period set forth in this Section 8.1(b)(i) shall be extended, but not by more than an additional ten (10) days, as long as FACS continues to use its diligent, best efforts to remedy such failure;

(ii) If FACS shall fail to perform the FACS Services in accordance with any provision of the Credit and Collection Policy where such failure is not or does not result in a violation of applicable Law, and such failure (x) has a Material Adverse Effect and (y) is not remedied within thirty (30) days after delivery of written notice thereof by either GE Bank or GE Capital to FACS;

(iii) If FACS shall consistently fail to perform any of the FACS Services in accordance with any provision of the Credit and Collection Policy where such failure is not or does not result in a violation of applicable Law and does not have a Material Adverse Effect, and is not remedied within seventy-five (75) days after delivery of written notice thereof

by either GE Bank or GE Capital to FACS;

provided that each of the time periods in this Section 8.1(b) shall be extended upon agreement of the parties, but not by more than 60 days, so long as FACS is using its diligent, best efforts to remedy such failure in the event that (x) the provision of the Credit and Collection Policy that FACS has failed to perform is a provision of the Credit and Collection Policy which GE Bank has unilaterally modified pursuant to Section 4.4 of the Program Agreement and (y) the reason FACS has been unable to so perform is because the FACS Credit System requires modifications in order to implement such unilaterally modified provision of the Credit and Collection Policy.

(c) Credit Systems Default. If FACS shall fail to perform all or substantially all of the FACS Services for a period of seven (7) consecutive days due to a failure of the FACS Credit System or otherwise.

(d) Breach of Infringement Warranty. If FACS shall fail to provide the remedy specified in Section 7.2(b) as indemnitor with respect to a claim of infringement as specified in Section 7.2.

(e) Breach of Agreement. If FACS shall breach any of its obligations under this Agreement or any of its representations and warranties under this Agreement (other than obligations, representations or warranties the breach of which is otherwise addressed in this Section 8.1) and such breach has a Material Adverse Effect and is not cured within thirty (30) days after delivery of written notice thereof by either GE Bank or GE Capital to FACS.

(f) Net Credit Sales Default. If FACS shall (i) intentionally or negligently fail to comply with, or supervise or cause the compliance with, any of the provisions of Section 2.2 of the Program Agreement which are within the direct or indirect control of FACS, or (ii) fail to implement the New Accounts Allocation Percentage in the manner required by such Section 2.2, or (iii) fail to implement the provisions of Section 2.2(e)(ii) of the Program Agreement in the manner required thereby or (iv) fail to implement the provisions of Section 2.2 of the Program Agreement to the extent directed by the Policy Committee, and such failure shall remain unremedied for thirty (30) days after delivery of written notice thereof by either GE Bank or GE Capital to FACS.

(g) Bankruptcy. If an Event of Bankruptcy shall have occurred with respect to FACS.

(h) Material Adverse Change. If there shall have been a material adverse change to the business, financial condition, or operations of FACS or Federated (it being hereby agreed by the parties that an Event of Bankruptcy with respect to Federated shall be deemed to constitute such a material adverse change to the business, financial condition, or operations of Federated) which change has a material adverse effect on the ability of FACS to fulfill its obligations hereunder pursuant to the terms hereof.

8.2 GE Remedies

. Subject to the provisions of Section 8.7, upon the occurrence of a FACS Event of Default, the GE Parties may, in addition to any other remedies they may have at law or equity, terminate this Agreement by delivering a written notice of termination to FACS.

8.3 GE Events of Default

. It shall be a "GE Event of Default" if any of the events set forth below shall occur and be continuing and remain unremedied prior to the expiration of the specified period.

(a) Breach by the GE Parties as Licensee. If either of the GE Parties shall breach any of its obligations under Section 4.2, and fail to cure the same within twenty (20) days after delivery of written notice thereof by FACS.

(b) Breach of Agreement. If the GE Parties shall breach in any material respect any of their obligations under this Agreement or any of their representations and warranties under this Agreement (other than obligations, representations and warranties the breach of which is otherwise addressed in this Section 8.3), and fail to cure such breach within thirty (30) days after delivery of written notice thereof by FACS to either GE Party.

(c) Bankruptcy. If an Event of Bankruptcy shall have occurred with respect to GE Bank or GE Capital.

8.4 FACS Remedies

. Upon the occurrence of a GE Event of Default, FACS may, in addition to any other remedies it may have at law or equity, terminate this Agreement by delivering a written notice of termination to the GE Parties.

8.5 Excuse For Non-Performance

. In the event one party (the "Performing Party") is unable to comply with or perform any of its obligations hereunder solely due to (i) the other party (the "Non-Performing Party") failing to perform its obligations hereunder or under any of the Transaction Documents or (ii) the quality, nature, timeliness, completeness or accuracy of any goods, services or data provided by the Non-Performing Party to the Performing Party, the Performing Party shall be excused from such performance (and no event of default shall be deemed to have occurred) provided that the Performing Party shall (a) notify the Non-Performing Party as soon as practicable describing the default and explaining how the Performing Party's performance has been affected; (b) use reasonable efforts to mitigate the effect of the Non-Performing Party's failure; and (c) perform its obligations hereunder to the extent reasonably practicable. Both parties shall use diligent, uninterrupted efforts to cure the failure and eliminate the effects thereof.

8.6 Post-Termination Procedures

. Upon termination or expiration for any reason of this Agreement, the parties shall comply with their respective post-termination obligations, if any, as set forth below:

(a) Payments. Except as may be expressly provided otherwise herein, within ten (10) business days after the effective date of termination of this Agreement, each party shall pay the other party any amounts that as of that effective date were due and owed thereto pursuant to this Agreement.

(b) Extended Servicing. The GE Parties may cease to receive FACS Services hereunder from and after the effective date of termination, provided that the GE Parties may elect to require FACS to continue to provide all or a portion of the FACS Services to the GE/Macy's Serviced Accounts for up to a maximum of six (6) months following the effective date of termination. In the event of an election by the GE Parties to receive FACS Services, FACS shall provide FACS Services as described herein subject to payment by the GE Parties of the applicable Services Fees then in effect and the FACS License granted hereunder shall continue for such time.

(c) Deconversion. Subject to the provisions of Section 8.6(b), FACS and the GE Parties shall cooperate in good faith so that the GE Parties are able to promptly accomplish the conversion of all GE/Macy's Serviced Accounts to GE Capital's

and/or GE Bank's credit systems in an accurate, orderly and efficient manner. In this regard, FACS agrees that it will provide the GE Parties and their respective designees, officers, employees, accountants, and other representatives with all access rights to the FACS Credit System as reasonably required by the GE Parties in order to enable the GE Parties to effect a prompt, accurate, orderly and efficient conversion. The GE Parties agree that in the event of any such conversion, they shall use commercially reasonable efforts to effect such conversion in an accurate, orderly and efficient manner, except to the extent such conversion fails to be accurate, orderly and efficient due solely to the failure of conversion information provided by FACS at the time to be accurate in all material respects.

(d) Return of Materials. The GE Parties shall (i) surrender to FACS all copies of the FACS Credit Software remaining in the possession of the GE Parties or any person acquiring any such copy through any of the GE Parties in accordance with the terms and conditions hereof and (ii) return to FACS all written instructions or manuals in the possession of the GE Parties relating to the FACS Credit System.

8.7 Special Provisions.

In the event of a FACS Event of Default pursuant to the provisions of Section 8.1, the GE Parties may terminate the Agreement with respect to any one or more of the FACS Services. However, such terminated FACS Services will revert to the GE Parties only at such time as the GE Parties are Deemed Prepared to perform any such one or more of such FACS Services, provided that the requirement that the GE Parties be Deemed Prepared shall not be applicable with respect to the performance of any provision of the Program Agreement, the Credit and Collection Policy or the FACS Services which can only be performed if the GE/Macy's Accounts and the FDS/Macy's Accounts are serviced on the same computer system. If the GE Parties are not Deemed Prepared to perform any of the FACS Services by the later of (i) six months after the effective date of termination and (ii) the date that a FACS Event of Default with respect to such FACS Services no longer exists, then the GE Parties shall lose their right to perform the FACS Services for which they are not so Deemed Prepared. In the event of a subsequent FACS Event of Default pursuant to the provisions of Section 8.1, the provisions of this Section 8.7 shall again be applicable.

"Deemed Prepared" means, with respect to any one of the FACS Services, either (i) FACS and the GE Parties have agreed that the GE Parties are reasonably well prepared to perform such services or (ii) an arbitrator, selected at the request of the GE Parties by the President of the AAA, has determined what steps the GE Parties must take to be reasonably well prepared to perform such services at a level at least as high as FACS is required to perform hereunder and the GE Parties have taken such steps.

ARTICLE 9 MISCELLANEOUS

9.1 Governing Law; Jurisdiction

. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to its rules governing conflicts of law.

9.2 Audit and Access Rights

. Each of the parties hereto shall have the right to access the premises and audit the records of the other parties hereto as set forth herein.

(a) Rights of GE Parties. GE Bank and GE Capital shall have all such rights to access the premises of FACS, the FACS Credit System and audit the records of FACS as may be

necessary or desirable to permit GE Bank and GE Capital to fulfill all of their respective responsibilities, and exercise all of their respective rights, hereunder and under the Transaction Documents. Without limiting the generality of the foregoing, FACS shall permit GE Capital and GE Bank and their respective designees, officers, employees, attorneys, accountants and/or other representatives during normal business hours with reasonable advance notice, in such a manner as to minimize interference with the normal business operations of FACS (i) to observe, monitor and obtain information regarding the GE/Macy's Serviced Accounts and to observe and monitor the implementation by FACS personnel of the Credit and Collection Policy, (ii) to observe whether the FACS Services and the Credit and Collection Policy are being applied consistently between the GE/Macy's Serviced Accounts and the FDS/Macy's Accounts and in compliance with the provisions of the Program Agreement and (iii) to examine, audit, inspect, copy and make copies of all of the data, records, files, and books of account under the control of FACS (whether received on computer, electromagnetic storage vehicles, paper, film or other medium) and relating strictly to the GE/Macy's Serviced Accounts and the FDS/Macy's Accounts and to the back-up documentation relating to the reports provided hereunder by FACS to the GE Parties. The GE Parties shall exercise their rights to audit jointly. The costs and expenses of any exercise by the GE Parties of their rights hereunder shall be expenses of the Program and shall be borne by FACS and/or its Affiliates to the extent such costs and expenses are included in the Operating Expense Budget for the applicable Period in which such costs and expenses were incurred. Notwithstanding any other provision of this Agreement, the GE Parties shall not have any access or audit rights with respect to any information in the possession of FACS regarding services provided by FACS to any non-affiliated third party other than the GE Parties. Employees of FACS shall be permitted to be present during the exercise by the GE Parties of any of their audit and access rights under this Section 9.2(a).

(b) Rights of FACS. GE Bank shall permit FACS and its respective designees, officers, employees, attorneys and accountants and/or other representatives during normal business hours with reasonable advance notice, in such manner as to minimize interference with the normal business operations of GE Bank, to examine, audit and inspect each of the Licensed Locations in order to ensure compliance with the terms and conditions governing the FACS License as set forth in Section 4.2 and with the provisions of Article 6. The cost and expense of all such audits or examinations shall be borne by FACS. Employees of GE Bank shall be permitted to be present during the exercise by FACS of any of its audit and access rights under this Section 9.2(b).

9.3 Entire Agreement; Amendments; Waivers

. This Agreement contains the entire agreement of the parties hereto as to the subject matter discussed herein. Any amendment to or modification of this Agreement must be in writing and executed by authorized officers of FACS and the GE Parties. No waiver by either party of any right or power it has under this Agreement shall impair or be construed as a further waiver of such right or power. To be effective, all waivers must be in writing and signed by the party waiving its rights.

9.4 Assignability

. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Except as expressly provided with respect to indemnification rights in Article 7, nothing herein shall create or be deemed to create any third party beneficiary rights in any person or entity not a party to this Agreement. Neither FACS, on the one hand, nor the GE Parties, on the other, may assign their rights or obligations hereunder without the prior consent of the other, except that in the case of a proposed

assignment by GE Bank to an Affiliate such consent shall not be unreasonably withheld by FACS. FACS acknowledges that in connection with a securitization or participation of GE/Macy's Receivables pursuant to Section 9.4 of the Program Agreement, GE Bank may agree to provide the credit processing services provided hereunder to a trustee or other third party and FACS hereby agrees that, in such circumstance, FACS shall continue to provide the FACS Services to the GE Parties pursuant to the terms and conditions hereof.

9.5 Relationship of Parties

. In performing under this Agreement, the parties are acting as independent contractors and this Agreement shall not be construed as providing either party with the right, power or authority to impose any duty or obligation on the other except as expressly provided herein.

9.6 GE Parties Rights and Obligations

. The rights and obligations of the GE Parties hereunder are several and not joint. Without limiting the generality of the foregoing, (i) the FACS Services to be provided hereunder to GE Bank shall only be provided with respect to the GE/Macy's Accounts and the Service Fees payable by GE Bank hereunder shall only be payable with respect to the GE/Macy's Accounts, (ii) the FACS Services to be provided herein to GE Capital shall only be provided with respect to the GE/Macy's Commercial Accounts and the Service Fees payable by GE Capital hereunder shall only be payable with respect to the GE/Macy's Commercial Accounts and (iii) GE Bank shall not have any indemnification obligation hereunder with respect to Damages arising out of or in connection with GE/Macy's Commercial Accounts and GE Capital shall not have any indemnification obligation hereunder with respect to Damages arising out of or in connection with GE/Macy's Accounts.

9.7 Survival

. The provisions of Article 6, Article 7, and Sections 4.2 (for as long as any post-termination servicing occurs pursuant to Section 8.6), Sections 8.6 and 8.7 (for as long as any FACS Services continue to be provided by FACS hereunder), and Section 9.2 (for as long as any post-termination servicing occurs pursuant to Section 8.6) of this Agreement shall survive a termination or expiration of this Agreement.

9.8 Notices

. Any notice or other communication required or otherwise provided for under this Agreement shall be in writing and shall be deemed given when delivered by hand or by courier or express mail or by registered or certified United States mail, return receipt requested, postage prepaid, or by facsimile if receipt is acknowledged (except that a notice of termination or breach shall not be sent by facsimile) and shall be addressed as follows:

In the case of the GE Parties:

GE Capital Consumer Card Co.
5300 Kings Island Drive
Mason, OH 45040
Attn: Secretary
Fax: (513) 459-6888

and

General Electric Capital Corporation
1600 Summer Street
Stamford, CT 06905
Attn: Counsel, Retailer Financial Services
Fax: (203) 357-3353

with copies to:

Macy's Credit Services
4605 Duke Drive
Mason, OH 45040
Attn: Executive Vice President
Fax: (513) 573-3251

In the case of FACS:

FACS Group, Inc.
9111 Duke Blvd.
Mason, OH 45040
Attn: Senior Vice President
Fax: (513) 573-2039

with copies to:

Federated Department Stores, Inc.
7 West Seventh Street
Cincinnati, OH 45202
Attn: Law Department
Fax: (513) 579-7897

Either party hereto may, from time to time, change its address or designated recipient for notification purposes by giving the other party notice thereof and the date upon which it shall become effective.

9.9 Ownership

. FACS shall have no right, title or interest in any GE/Macy's Account, GE/Macy's Commercial Account, GE/Macy's Receivable or GE/Macy's Commercial Receivable or the proceeds thereof. All payments to be made by GE/Macy's Account Debtors or Commercial Account Debtors shall be paid directly to GE Bank or GE Capital, as the case may be. In the event that FACS is at any time in possession of the proceeds of any GE/Macy's Receivable or GE/Macy's Commercial Receivable, FACS shall hold such funds as agent on behalf of GE/Macy's Account Debtors for transfer to GE Bank or GE Capital, as the case may be.

9.10 Designees

. [OMISSION]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

GE CAPITAL CONSUMER
CARD CO.

By: /s/ Kevin Knight
Name: Kevin Knight
Title: Executive Vice
President

GENERAL ELECTRIC CAPITAL
CORPORATION

By: /s/ Richard A. Hayes
Name: Richard A. Hayes
Title: Senior Vice President
Retailer Financial Services

FACS GROUP, INC.

By: /s/ Robert C. Seppelt
Name: Robert C. Seppelt
Title: Vice President

Agreed and Acknowledged:

Federated Department Stores, Inc.

By: /s/ Ronald W. Tysoe
Name: Ronald W. Tysoe
Title: Vice Chairman and Chief Financial Officer

FDS National Bank

By: /s/ James R. Gudmens
Name: James R. Gudmens
Title: President

EXHIBIT A

FACS SERVICES

General. For purposes of this Exhibit A, references herein to the "GE Parties" shall mean the "applicable GE Parties." All of the FACS Services described hereafter shall be provided by FACS (i) in accordance with, and as more fully described in, the then applicable Credit and Collection Policy and (ii) without limiting GE Bank's rights or altering the obligations of Federated or any Retailers under the Program Agreement or limiting GE Capital's rights under the Commercial Accounts Agreement, including, without limitation, pursuant to Sections 2.2, 4.4 and 4.5 of the Program Agreement.

I. FACS SERVICES

1. Marketing.

1.1 In accordance with the Program Agreement, design and supervise all credit promotions.

1.2 Subject to the GE Parties' approval in writing of all final GE/Macy's Credit Card Documentation (other than charge slips, credit slips and receipts for payment) and offers of credit, design, prepare and provide all of the foregoing, including (a) credit card applications, (b) credit card agreements, and (c) any required notices relating to changes in GE/Macy's Serviced Account terms.

1.3 Develop and manage credit revenue programs, other than programs provided by the GE Parties or their Affiliates.

2. Account Approval and Setup.

2.1 Review all credit card applications by or on behalf of prospective GE/Macy's Serviced Account holders, determine the creditworthiness of prospective GE/Macy's Serviced Account holders, approve creditworthy applicants, advise other applicants of action taken, including mailing of adverse action letters on behalf of the GE Parties.

2.2 Develop scoring criteria and establish and revise credit guidelines for particular GE/Macy's Serviced Account holders.

2.3 Provide reports of credit histories to credit bureaus, as needed and as required by Law.

2.4 Establish credit lines and perform other credit guideline management procedures.

3. Purchase Authorizations.

3.1 Process credit authorizations, which services shall include looking up account numbers, processing authorizations, verifying customer identification, reviewing and making decisions with respect to referrals and authorizing sales transactions.

4. Customer Service.

4.1 Provide authorization and instructions to GE Capital on the issuance of credit cards to GE/Macy's Serviced Account holders and authorized users, and perform routine account maintenance functions, including address and name changes, balance inquiries and lost and stolen card coding and execute credit balance refunds.

4.2 Establish appropriate policies and procedures to comply with applicable consumer credit law, including the handling of Fair Credit Billing Act inquiries.

4.3 Provide fraud claims processing services in accordance with the Credit and Collection Policy, and otherwise use reasonable efforts to assist the GE Parties in fraud prevention.

4.4 Resolve disputes with GE/Macy's Serviced Account holders and as promptly and as amicably as possible make necessary financial adjustment in accordance with the Credit and Collection Policy.

4.5 Provide all services necessary to effect the chargeback provisions set forth in the Program Agreement.

5. Systems Services.

5.1 Post, or cause to be posted, promptly all in store payments and all payments received and transmitted via file tapes by GE Capital to FACS or FSG, as the case may be, and timely create and transmit to GE Capital billing files for each GE/Macy's Serviced Account.

5.2 Use commercially reasonable efforts to develop and introduce state-of-the-art technologies, design systems to achieve, employ qualified personnel to meet and otherwise satisfy the applicable Service Standards.

5.3 Maintain its computer files with respect to the GE/Macy's Serviced Accounts such that the GE/Macy's Serviced Accounts and receivables created thereunder may be specifically identified and, upon the reasonable prior request of the GE Parties and/or their agents or lenders, make available to the GE Parties during FACS's normal business hours, any computer programs necessary to make such identification and ensure data integrity and data security and retain data and other records as necessary.

5.4 Provide a computer link to give the GE Parties, in accordance with the FACS License, direct access to all agreed upon reports and information regarding the GE/Macy's Serviced Accounts and the FDS/Macy's Accounts and agreed upon electronic display of and access to (a) the account holder's historical information, (b) account status information, (c) alpha search capabilities and (d) reports and financial data.

5.5 Establish and maintain appropriate system redundancy and back-up procedures for disaster relief.

6. Miscellaneous.

6.1 Post credit sales information.

6.2 Use commercially reasonable efforts to protect the privacy of Account holder information from third-

party inquiries.

6.3 Provide all reports identified on Schedule A-3 hereto, which reports may be provided on a divisional basis. With respect to those reports on Schedule A-3 that indicate a "need to be developed", the following provisions shall apply: FACS shall use its best efforts to produce such reports or their equivalent within 120 days after the date hereof. The GE Parties agree to cooperate with FACS in this regard and assist FACS by defining for FACS the parameters of such reports. The 120 day period referred to above shall be extended with respect to any report for the time, if any, that the GE Parties require in order to provide FACS with the foregoing assistance.

6.4 Promptly advise the GE Parties of any material litigation which may adversely affect (i) the performance of FACS's responsibilities hereunder, or (ii) the GE/Macy's Serviced Accounts or the GE/Macy's Receivables and GE/Macy's Commercial Receivables.

6.5 FACS shall retain GE/Macy's Account Documentation and GE/Macy's Commercial Accounts Documentation as provided in the Credit and Collection Policy.

6.6 Maintain an updated GE Parties "do not call" list and shall comply with all non-solicitation requests included in such list. FACS shall update such list on a regular basis as required by the GE Parties and provide copies thereof to the GE Parties if requested.

6.7 Printing and mailing of collection letters as requested by GE Bank in accordance with the Credit and Collection Policy.

6.8 Inform all suppliers of credit and fraud information to FACS in connection with the FACS Services that such services and information shall be used for the benefit of GE Bank.

II. FACS SERVICE STANDARDS

Service Category	Standard
	(all days are Business Days, measured from but excluding date inquiry or notice or data is received by FACS; all standards expressed are averages calculated over a measurement period of an FDS fiscal quarter)

New Accounts

- Mail-in application - elapsed time from date received until decision is made 7 days
- In-store application inquiries 5 minutes
- response not requiring verification within
- Speed of answer 15 seconds
- Percent of calls abandoned 2.5 percent

Purchase Authorizations

- Speed of answer 15 seconds
- Percent of calls abandoned 2.5 percent
- Lost and stolen card coding Immediately

-- Point-of-sale (POS) network switch to FSG and return to POS switch Less than 3 seconds

Customer Satisfaction

-- Credit balance refunds - elapsed time from inquiry date until check request transmitted to GE Bank 3 days

-- Presidential complaints (receipt by Presidential Desk) 2 days (best effort same day)
-- Customer contact within

-- Fair Credit Billing (FCB) inquiry acknowledged 5 days

-- FCB resolution According to Fair Credit Billing Act

-- Speed of answer 20 seconds

-- Percent of calls abandoned 4 percent

-- Customer correspondence - response and action taken 7 days

Systems

-- On line availability 98.5%*

-- Response Time To be not slower than (i) that received at FACS locations and (ii) FACS historical response time for 1996.

* To be calculated with respect to hours during which collections on GE/Macy's Serviced Accounts can be legally made, other than downtime due to power failures, natural disasters or other force majeure events.

EXHIBIT B

I. FACS Credit Software

FSG Systems

SCM - FSG Credit System

TRMS - FSG Report Management Utility

TPX - Security Gateway

PC Based Collections Screen

II. Licensed Locations

1. Arlington, TX
GE Capital Credit Services
1301 S. Bowen Road
Arlington, TX 76013

2. Addison, IL
GE Capital Credit Services
2100A Corporate Drive
Addison, IL 60101

3. Macon, GA
GE Capital Credit Services
5665 New Forsyth Road

Macon, GA 31210

4. Atlanta, GA
Financial Services Group
5665 New Northside Drive
Atlanta, GA 30328
5. Alpharetta, GA
GE Capital
1001 Windward Concourse
Alpharetta, GA 30202
6. Mason, OH
Macy's Credit Services
4605 Duke Drive
Mason, OH 45040
7. Stamford, CT
GE Capital
1600 Summer Street
Stamford, CT 06927

EXHIBIT C

GE CONVERSION INFORMATION

[OMISSION]

EXHIBIT D

FORM OF EMPLOYEE CONFIDENTIALITY AGREEMENT (For GE Authorized Users)

Pursuant to an Agreement between FACS Group, Inc. ("FACS"), GE Capital Consumer Card Co. and General Electric Capital Corporation (collectively, the "GE Parties"), FACS provides processing and other services to the GE Parties and has licensed certain systems and software to the GE Parties.

In the course of your employment you may receive or otherwise have access to information, data or materials owned by FACS which the GE Parties are under an obligation to treat as strictly confidential. (For purposes of this Confidentiality Agreement, information, data and materials relating to systems, applications, related documentation and other trade secret information of FACS are referred to as "Confidential Information".)

In order to preserve and protect the confidentiality of all Confidential Information, you are required to sign a copy of this Confidentiality Agreement, thereby acknowledging and agreeing that:

- (i) You have been informed of and understand the confidential nature of the Confidential Information you may receive or have access to;
- (ii) You will not disclose the Confidential Information except (x) to a fellow employee, subcontractor, consultant or agent who also has executed a Confidentiality Agreement and then, only on a "need-to-know" basis or (y) as compelled to do so by a court or other governmental or quasi-governmental entity or as consented to in writing by FACS;
- (iii) That disclosure of any Confidential

Information to any person other than as permitted herein may cause serious injury to FACS and the GE Parties; and

- (iv) During and after your employment with us, except as required to perform your assigned duties as our employee, you will not use or reproduce, for any purpose, any of the Confidential Information that you receive or to which you have access.

I hereby acknowledge that I have read and understood the foregoing Confidentiality Agreement, and I agree not to disclose, use or reproduce any Confidential Information except as provided herein.

(Signature)

(Print) Date

FACS Reports

Schedule A-3

GE Capital will be provided with EZ Trieve reporting in equivalent priority with other internal FACS requests as future needs are identified.

Finance and Operations

GECCCC Reports	Description	FACS Report	Exhibit
		& # Pages	
General Ledger/Control Totals & CMR	Financial data by cycle and A/R Control totals	XSCM2090	
General Ledger	A/R daily activity	XSCM295	
General Ledger/CMR/Misc. Dispatll Reports	Write-off/recovery information and misc. financial-data by cycle	XSCM405	
Ad Hoc System Report By RFS-IS	Unused open-to-buy balance	XSCM285	A-1 pg
Ad Hoc System Report by RFS-IS	Total credit limit on accounts (open accounts only)	XSCM285	A-1 pg
Ledger Reconciliation System	Detail posting for G/L accounts	XSCM882	
Client Management Reports	Delinquency Data	XSCM435/436	
Client Management Reports (financial active/inactive)	Total active accounts reports purchase active. Needs to be financial active.)	XSCM146 (Currently	
General Ledger/Dispatll Reports	ABIG insurance premium activity by state	XSCM176-01&02	

General Ledger/Dispatll	Financial activity on agency accounts	XSCM422	
General Ledger	Write-off activity	XSCM440	
Dispatll	Write-off projections	XSCM888	
General Ledger	Write-off due to bankruptcy	XSCM996	
Monthly Operating Review	Monthly totals for sales, calls, head count, etc.	Needs To Be Developed	B-12 pgs
Charge Backs By Category By Division	Charge Backs By Category By Division	Needs To Be Developed	C-2 pgs
# and \$ Dispute By Age and By Queue	Summary of accounts in dispute by time and by category	Needs To Be Developed	D-1 pg
# and \$ In Dispute Not In Queue By Age # and \$ In Dispute Bt Age	Summary of accounts in dispute that are not in a queue to be worked and summary of accounts in dispute by age	Needs To Be Developed	D-1 pg
# Of Items In Dispute By Queue Beyond Charge Back	Number of items in dispute by queue (i.e., Big ticket, media, fraud, etc.) beyond contractual chargeback time frame	Needs To Be Developed	E-1 pg
Service Level By Day By Division	Daily service level reporting by area (i.e., Authorization, New Accounts, Customer Service)	Needs To Be Developed	F-4 pgs
General Ledger	Sub-total of write-off activity for bankruptcies	XSCM996	
Ad Hoc - Account Type Summary	Balance and FC information by account type (i.e., CCCS, Club, Commercial, etc.)	Needs To Be Developed	G-2 pgs
Ad Hoc - Periodic Rate by Division	Periodic rate with # and \$'s of accounts	Needs To Be Developed	H-4 pgs
Ad Hoc - Status Code Summary Report	O/S and FC by status code	Needs To Be Developed	I-2 pgs
Ad Hoc - Status Code Activity Report	Performance by status code	Needs To Be Developed	J-2 pgs
General Ledger	Insurance premium adjustments	XSCM421	
Ad Hoc - Convenience Users Summary	Balance and count information on convenience users and revolvers	Needs To Be Developed	AJ-10 pgs
Ad Hoc - Payment Errors Monthly Summary	Summary of dollar and number of errors by division	Needs To Be Developed	AK-1 pg

Risk

GECCCC Reports	Description	FACS Report & # Pages	Exhibit
History Of Changes - Authorizations (IDMRCS59)	A log of authorization variable changes and who made the changes	511-01 Action Table Change Log	
Authorization Transaction Summary (A111D005)	Authorization transaction statistics on POS approvals, referrals, denials, and referral overrides	395-01, 05, 06, 07 Credit Statistical Report	
Algorithm Override Summary (A111M084)	A count of referrals by referral type and final outcome of the referral	609-01, 02 Referral Analysis Report	
Behavior Score Distribution	Distribution of number of accounts by Behavior score	950	
GEMM Score Distribution	Distribution of number of accounts by Bureau Score	Needs To Be Developed	M-3 pgs
Applications On Hold By Age - via OLMACD04	Lists applications which have been processed, but not yet decisioned	215-04, 215-05	
Credit Bureau Report Tallies - via OLMACW07	Displays the number of credit bureaus requested	124-06, 248-01, 248-02	
Application Statistics By Store - via OLMACW25	Statistical volume and approval information by store	218-02, 218-04	
Source Mix - via OLMACW08 and OLMACW32	Provides statistical data by type of application input	215-01	
Application Overrides - via OLGECM29	Summary of override activity by outcome code (i.e., number of policy reject overrides)	7031	
Prescreen Tracking - via Promotion Tracking	Response rates, utilization rates, etc., of pre-screen mailings	146-1	N-1 pg
Utilization Of C/L Reporting	Tracks balances on accounts vs. credit lines available	Needs To Be Developed	O-3 pgs
Auditing Associate Decisions Greater Than Their Delegated Level Of Authority	Used to monitor employee adherence to their credit line authority	Needs To Be Developed	P-1 pg
Bad Rates By Line Assignment - via Score performance report	Used to measure score cut-offs, credit line assignments	146-1	
Score Performance (vintage, geographical, region) - via IDMSMBS Through The Door (TTD) Dist.	Measures the validity and profitability of and scoring algorithms	FICO 307 and 309	
System Table Change Audit - Apps.	To monitor changes made to application tables, profiles (display audit trail)	Needs To Be Developed - Exhibit Not Included	

Credit Line Assignment Review - via Score Performance Report	Reviews validity of credit line assignment tables	EZ Trieve as needed	S-2 pgs
Audit Of Guideline Increases On Employee Accounts	Used to monitor possible internal fraudulent guideline increases	Needs To Be Developed	Q-1 pg
Portfolio Review Vintage Analysis	Portfolio statistics by date open	Needs To Be Developed	R-1 pg
Ad Hoc - Totals For W/O Accts and Regular Accounts Over \$10,000	Sum of # and \$'s written off by write-off code and a list of accounts over \$10,000		T-2 pgs
Ad Hoc - List Of Accounts With Balances Over \$10,000	List Of Accounts With Balances Over \$10,000		U-1 pg
Ad Hoc - Credit Limit To Outstandings	Outstandings by credit limit		V-2 pgs

Collections

GECCCC Reports	Description	FACS Report & # Pages	Exhibit
Merchant Status Report	Summary report detailing all financial changes to the cycle being billed	405	
New Collection Accounts	Lists new accounts added to collections	406	
Removal From Collections	Lists accounts removed from collections	407	
Special Activity Reports	Lists and credits or debits assessed to an account for a specific revenue accounts	421	
Financial Activity on Agency Accounts	Shows financial activity on an account that has an agency code	422	
Daily Financial Aging Totals	Provides balance totals by account type	435	
Delinquency Aging Totals	Provides balance totals by account type	436	
Agency/Attorney	Lists accounts assigned to attorneys and agencies	437	
New P&L Accounts	Lists accounts new to P&L	440	
Write-off By Effort	Lists actions taken to collect on accounts prior to the time of write-off	450	
Category Workload	Summarizes the collection category workloads	464	
Collector Detail	Accounts worked by collector	465	

Promises Met VS. Promises Promise to pay ratio by 467
Expected collector

Daily Effort By Collector Accounts worked by 468
collector

Daily Payments Received Daily dollars generated 470
Against Collection by collector
Accounts

Application Request For Displays applications 471
Collection Accounts requested to be viewed
by the collection
department

Collection Auto Dun Lists accounts that 471-03
Letter Recipient received an automatic
Dun letter

Collection Control Lists accounts by 479
Selected Category category
Accounts

Write-off Projection Projection of write-offs 888
Current Billing Cycle

Financial Cycle Aging Analysis of dollars in 987
collections based on the
financial age of
accounts in addition to
write-off information

Old P&L Now Bankrupt Detail on accounts 991
assigned to a specific
agency for recovery

New Bankrupt P&L Detailed information on 996
accounts that have filed
bankruptcy

Team Trend Report Report showing dollars Needs To Be K-10 pgs
delinquent and Developed
collections
effectiveness/roll rate
by delinquent age/by
region/frequency: each
billing or on demand mid-
month

Extension Report Report tracking number Needs To Be L-1 pg
of extensions/manual Developed
cures

Marketing

GECCCC Reports	Description	FACS Report	Exhibit
		& # Pages	
Express Credit Approval Report	Application/approval volumes for express credit by store location	218	

POS Report Monthly POS performance 7030/7051/7052
(activation/sales (First Time
analysis) Shopper)

Program Profitability Various GECCCC reports Source Code
Reporting that track the following Reports* for the
customer segments following:

Express Credit Accounts Express Credit

Accounts

All Prescreen Accounts All Prescreen
Accounts

Hostess Booths Accounts Hostess Booths
Accounts

Insured/Non-Insured Needs To Be AG-1 pg
Accounts Developed

Premier Club Accounts Needs To Be AG-1 pg
Developed

President's Club Needs To Be AG-1 pg
Accounts Developed

Revolver/Transactors Needs To Be AG-1 pg
Developed

Account Type (Flex, TOP, Needs To Be AG-1 pg
Club) Developed

Converted Accounts Needs To Be AG-1 pg
Developed

Credit Penetration Credit Sales by store Standard Report
Reports and department

Insurance Adjustment Premium Adjustments by Special Activity
Report Account Report

Promotion Tracking Reactivation/Activation LCAURM39 - Needs AH-1 pg
To Be Developed

President's Club LCAURM39 - Needs AH-1 pg
To Be Developed

Attrition/Inactivity Tracks trends in Needs To Be AI-2 pgs
Analysis inactivity/attrition Developed

APPS08 Store Insurance Needs To Be W-2 pgs
Penetration Developed

Insurance Response Response information by Needs To Be X-1 pg
Reports source Developed

Top 100 Top 100 customers by Needs To Be Y-1 pg
store Developed

PPS - Insurance Insurance Financial Needs To Be Z-1 pg
Performance Analysis Developed

Pyramid Monthly Client Segment by time on file Needs To Be AA-2 pgs
Update (2) Developed

Pyramid Customer Decile Customer deciles by Needs To Be AB-1 pg
accounts Developed

Pyramid Dollar Decile Customer deciles by Needs To Be AC-1 pg
spending Developed

Pyramid Decile Movement Customer decile movement Needs To Be AD-1 pg
Developed

Revolvers Monthly Revolver Needs To Be AE-2 pgs
Performance Developed

Deferred Billing Deferred Billing 405
transactions

Premier Club Performance Premier Club customer Needs To Be AH-1 pg
performance Developed

(1) Report needed for non-Macy's divisions for new accounts if joint insurance program is implemented

(2) Current report with minor adjustments

*With "First Day's Purchases" (sales/Trans) added to source code and activation reports

Schedule 4.2(e)

Permitted GE Access Software

I. Terminal Emulation Software: used for online user interaction with mainframe software applications.

Software Application	Manufacturer
1. Personal Communications/3270v3.0 and higher	IBM
2. EXTRA!v4.2 and higher	Attachmate Corp.
3. Quick3270v1.0 and higher	none-shareware

II. SNA Gateway Software: used for establishing communication between mainframe and display or print devices.

Software Application	Manufacturer
1. Netware for SAAv2.0 and higher	Novell

III. File Transfer Software: used for copying data files to the mainframe from Local Area Network (LAN) and from LAN to mainframe.

Software Application	Manufacturer
1. CONNECT:Directv1.2 and higher	Sterling Commerce
2. XCOMv1.0 and higher	Computer Associates

IV. Other Software/Systems: receive data from or transmit data to the mainframe.

Software Application	Manufacturer
1. Unison (autodialer)	Davox Corp.
2. Recover Master	Rothenberg Systems Intl.

Execution Copy

FDS GUARANTY

GUARANTY, dated as of June 4, 1996 ("Guaranty"), made by FEDERATED DEPARTMENT STORES, INC., a Delaware corporation (the "Guarantor"), in favor of the Guaranteed Parties referred to below. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Amended and Restated Program Agreement, dated as of the date hereof (the "Amended and Restated Program Agreement").

WHEREAS, Monogram Bank, USA ("Monogram"), R. H. Macy & Co., Inc. ("Macy"), Macy's Northeast, Inc. ("Macy's Northeast"), Macy's South, Inc. ("Macy's South"), Macy's California, Inc. ("Macy's California"), Bullock's, Inc. ("Bullock's"), I. Magnin, Inc. and Macy Specialty Stores, Inc. entered into a Credit Card Program Agreement dated as of May 10, 1991 (the "Program Agreement"); and

WHEREAS, contemporaneously herewith, GE Capital Consumer Card Co. (as the successor to Monogram) ("GE Bank"), Guarantor (as the successor to Macy), FDS National Bank ("FDS Bank"), FACS Group, Inc. ("FACS"), Macy's East (as the successor to Macy's Northeast and Macy's South), Macy's West (as the successor to Macy's California), Bullock's, Broadway Stores, Inc. ("Broadway") and MSS-Delaware, Inc. ("MSS") are entering into the Amended and Restated Program Agreement amending and restating the Program Agreement in its entirety; and

WHEREAS, General Electric Capital Corporation ("GE Capital"), Macy, Macy Credit Corp., Macy Receivables Funding Corp., Macy's California, Macy's Northeast, Macy's South, Bullock's, I. Magnin, Macy Receivables Master Servicing Corp. and Macy Specialty entered into a Commercial Accounts Agreement, dated as of May 10, 1991 (the "Commercial Accounts Agreement"); and

WHEREAS, contemporaneously herewith, GE Capital, Guarantor, FDS Bank, Macy's East, Macy's West, Bullock's,

Broadway, FACS, and MSS are entering into the Amended and Restated Commercial Accounts Agreement amending and restating the Commercial Accounts Agreement in its entirety; and

WHEREAS, contemporaneously with the execution of the Amended and Restated Program Agreement and the Amended and Restated Commercial Accounts Agreement, GE Bank, GE Capital and FACS are entering into the FACS Services Agreement and GE Capital, Guarantor, FDS Bank and FACS are entering into the GE Capital Services Agreement (the Amended and Restated Program Agreement, the Amended and Restated Commercial Accounts Agreement, the FACS Services Agreement and the GE Capital Services Agreement, as they may be amended, supplemented or otherwise modified from time to time, referred to hereinafter collectively as the "Guaranteed Agreements"); and

WHEREAS, FDS Bank and the other FDS Companies are wholly owned subsidiaries of Guarantor; and

WHEREAS, Guarantor desires to execute this Guaranty to induce GE Bank and GE Capital to execute, deliver and perform their respective obligations under the Guaranteed Agreements (GE Bank, GE Capital, their Affiliates and their respective officers, directors, agents and representatives are referred to herein collectively as the "Guaranteed Parties").

NOW, THEREFORE, in consideration of the premises and to induce the Guaranteed Parties to execute, deliver and perform their respective obligations under the Guaranteed Agreements, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantor hereby agrees as follows:

SECTION 1. Guaranty. (a) The Guarantor hereby unconditionally and irrevocably guarantees the full and prompt payment when due and performance, subject to, and on the terms and conditions set forth in the Guaranteed Agreements, of the specific obligations of FDS Bank, FACS, and each of the other FDS Companies and their respective successors and assigns (collectively, the "Obligors") under the Guaranteed Agreements whether now existing or hereafter arising (collectively, the "Obligations"), and any and all expenses (including, without

limitation, counsel fees and expenses) incurred by any of the Guaranteed Parties in enforcing any rights under this Guaranty to the extent such Guaranteed Party is entitled to performance or payment under this Guaranty. This Guaranty is an absolute guaranty of payment and performance and not a guaranty of collection.

SECTION 2. Guaranty Absolute. (a) The Guarantor guarantees that the Obligations will be paid and performed strictly in accordance with the terms of each of the Guaranteed Agreements as then in effect, provided that the liability of the Guarantor under this Guaranty shall be absolute and unconditional irrespective of:

(i) any lack of validity or enforceability of any provision of any of the Guaranteed Agreements or any other agreement or instrument relating to the Guaranteed Agreements, or avoidance or subordination of any of the Obligations;

(ii) any change in the time, manner or place of payment or performance of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of any term of, or any consent to departure from any requirement of, any of the Guaranteed Agreements;

(iii) any waiver, consent, extension, forbearance or granting of any indulgence by any of the Guaranteed Parties with respect to any provision of any of the Guaranteed Agreements; or

(iv) any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor.

(b) Subject to the foregoing provisions of Section 2(a) hereof, the Guarantor shall only be liable hereunder with respect to any Obligation to the same extent that the respective Obligor would be liable under the respective Guaranteed Agreement with respect to that Obligation (subject to the terms, conditions and limitations set forth in Article X of the Amended and Restated Program Agreement and Article 7 of the FACS Services Agreement).

SECTION 3. Waiver. (a) The Guarantor hereby

(i) waives (A) promptness, diligence, notice of acceptance and any and all other notices with respect to any of the Obligations or this Guaranty, (B) the filing of any claim with any Governmental Authority in the event of the insolvency or receivership of any of the Obligors, (C) protest or notice with respect to nonperformance or nonpayment of all or any of the Obligations, and (D) all demands whatsoever; and (ii) covenants and agrees that this Guaranty will not be discharged except by complete performance of the Obligations and any other obligations of the Guarantor hereunder.

(b) If, in the exercise of any of its rights and remedies, any of the Guaranteed Parties shall forfeit any of its rights or remedies, whether because of any applicable Law pertaining to "election of remedies" or the like, the Guarantor hereby consents to such action by such Guaranteed Party and waives any claim based upon such action. Any election of remedies which results in the denial or impairment of the right of such Guaranteed Party to seek a deficiency judgment against any of the Obligors shall not impair the obligation of the Guarantor to pay the full amount of the Obligations or any other obligation of the Guarantor contained herein.

(c) The Guarantor consents and agrees that the Guaranteed Parties shall be under no obligation to marshal any assets in favor of the Guarantor or otherwise in connection with obtaining payment of any or all of the Obligations from any Person or source.

SECTION 4. Representations and Warranties. The Guarantor hereby represents and warrants to the Guaranteed Parties as follows:

(a) Organization and Good Standing. The Guarantor (i) is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware, and (ii) has all requisite corporate power and authority to execute, deliver and perform this Guaranty.

(b) Authorization. The Guarantor has taken all necessary corporate action to authorize the execution, delivery

and performance by the Guarantor of this Guaranty. The Guarantor has duly and validly authorized, executed and delivered this Guaranty, and this Guaranty constitutes the legal, valid and binding obligation of the Guarantor enforceable against the Guarantor in accordance with its terms.

(c) Effect of Agreement. The execution, delivery and performance by the Guarantor of this Guaranty will not, with or without the giving of notice or the lapse of time, or both, (a) violate any provision of Law to which the Guarantor is subject, (b) violate any judgment, order, writ or decree of any court applicable to the Guarantor, or (c) conflict with any provision of the Certificate of Incorporation or By-Laws of the Guarantor or result in the breach of, or conflict with, any term, covenant, condition or provision of any Contract to which the Guarantor is a party or by which any of its assets or properties is or may be bound, other than violations, breaches or conflicts which could not reasonably be expected to have a material adverse effect upon Guarantor's ability to fulfill its obligations hereunder (a "Guarantor Material Adverse Effect").

(d) Consents. No Consent, authorization or approval of, or exemption by, or filing with, any Governmental Authority or any other Person is required to be obtained by the Guarantor in connection with the execution, delivery and performance by the Guarantor of this Guaranty or the consummation by the Guarantor of the transactions contemplated hereby, except for consents, authorizations, approvals and filings made or obtained prior to the date hereof or those the failure to obtain or make which could not reasonably be expected to have a Guarantor Material Adverse Effect.

(e) Litigation. There is no Litigation pending before any Governmental Authority or any private arbitration tribunal, or, to the knowledge of the Guarantor, threatened against, relating to or affecting the Guarantor, the resolution of which could reasonably be expected to have a Guarantor Material Adverse Effect.

SECTION 5. Amendments, Etc. No amendment or waiver of

any provision of this Guaranty nor consent to any departure by the Guarantor herefrom shall in any event be effective unless the same shall be in writing and approved and signed by GE Capital and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 6. Addresses for Notices. All notices and other communications provided for hereunder shall be in writing (including telegraphic, telex or facsimile communication) and mailed (return receipt requested), telegraphed, telexed, facsimiled, delivered via next day courier or delivered by hand. If to the Guarantor, such notices shall be addressed to it at the address indicated on the signature page hereto. If to any Guaranteed Party, such notices shall be addressed to it at the address of such Guaranteed Party specified in the Amended and Restated Program Agreement. Either party may provide such other address as shall be designated by such party in a written notice to each other party complying as to delivery with the terms of this Section 6. All such notices and other communications shall be effective when received by the party to whom addressed.

SECTION 7. No Waiver; Remedies. (a) No failure on the part of any of the Guaranteed Parties to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by Law or the Guaranteed Agreements.

(b) Failure by any of the Guaranteed Parties at any time or times hereafter to require strict performance by any of the Obligors or the Guarantor of any of the provisions, warranties, terms or conditions contained in any of the Guaranteed Agreements shall not waive, affect or diminish any right of any of the Guaranteed Parties any time or times hereafter to demand strict performance thereof, and such right shall not be deemed to have been modified or waived by any course of conduct or knowledge of any of the Guaranteed Parties or any agent, officer or employee of any of the Guaranteed Parties.

(c) No waiver by the Guaranteed Parties of any default shall operate as a waiver of any other default or the same default on a future occasion, and no action by any of the Guaranteed Parties permitted hereunder shall in way affect or impair any of the rights of the Guaranteed Parties or the obligations of the Guarantor under this Guaranty or under the Guaranteed Agreements. Any determination by a court of competent jurisdiction of any amount constituting any of the Obligations shall be conclusive and binding on the Guarantor irrespective of whether the Guarantor was a party to the suit or action in which such determination was made.

SECTION 8. Continuing Guaranty. This Guaranty is a continuing guaranty and shall (i) remain in full force and effect until indefeasible payment and performance in full of the Obligations and all other amounts payable under this Guaranty, (ii) be binding upon the Guarantor, its successors and assigns, and (iii) inure to the benefit of and be enforceable by the Guaranteed Parties and their respective successors, transferees and assigns.

SECTION 9. Reinstatement. This Guaranty shall remain in full force and effect and continue to be effective should any of the Obligors become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of the assets of any of the Obligors, and shall, to the fullest extent permitted by Law, continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable Law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations or such part thereof, whether as a "voidable preference," "fraudulent transfer," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations shall, to the fullest extent permitted by Law, be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored

or returned.

SECTION 10. Governing Law. This Guaranty shall be governed by, and construed and interpreted in accordance with, the Laws of the State of New York without regard to its conflict of Laws provisions. Wherever possible, each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Guaranty shall be prohibited by or invalid under applicable Law, such provision shall be ineffective only to the extent of such prohibition or invalidity and without invalidating the remaining provisions of this Guaranty.

SECTION 11. Submission to Jurisdiction. (a) Any legal action or proceeding with respect to this Guaranty or any document related thereto may be brought in the courts of the State of New York or the United States of America for the Southern District of New York, and, by execution and delivery of this Guaranty, the Guarantor hereby accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts. The Guarantor hereby irrevocably waives any objection, including, without limitation, any objection to the laying of venue or based on the grounds of forum non conveniens, which it may now or hereafter have to the bringing of any such action or proceeding in such respective jurisdictions and consents to the granting of such legal or equitable relief as is deemed appropriate by such courts.

(b) The Guarantor irrevocably consents to the service of process of any of the aforesaid courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the Guarantor at its address provided herein, such service to become effective 30 days after such mailing.

(c) Nothing contained in this Section shall affect the right of any Guaranteed Party to serve process in any other manner permitted by Law or commence legal proceedings or otherwise proceed against the Guarantor or any of the Guarantor's property in any other jurisdiction.

SECTION 12. Miscellaneous. All references herein to

the Obligors or to the Guarantor shall include their respective successors and assigns, including, without limitation, a receiver, trustee or debtor-in-possession of or for any of the Obligors or the Guarantor. All references to the singular shall be deemed to include the plural where the context so requires.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be fully executed and delivered by its duly authorized officer on the date first above written.

FEDERATED DEPARTMENT STORES, INC.

By: /s/ Ronald W. Tysoe
Name: Ronald W. Tysoe
Title: Vice Chairman and Chief Financial
Officer

ADDRESS FOR NOTICES:

7 West Seventh Street
Cincinnati, OH 45202
Attention: Law Department

GE CAPITAL CREDIT SERVICES AND LICENSE AGREEMENT *

This GE CAPITAL CREDIT SERVICES AND LICENSE AGREEMENT, dated as of June 4, 1996, is entered into by and among General Electric Capital Corporation ("GE Capital"), FDS National Bank ("FDS Bank"), Federated Department Stores, Inc. ("Federated") and FACS Group, Inc. ("FACS") (FDS Bank, Federated and FACS being sometimes referred to herein as the "FDS Parties"). Certain capitalized terms used herein have the meanings given to them in Article 1 hereof or, if not defined herein, have the meanings given to them in the Program Agreement.

WHEREAS, FDS Bank is the owner of the FDS Serviced Accounts;

WHEREAS, GE Capital is the owner of the GE/Macy's Commercial Accounts and GE Capital Consumer Card Co. ("GE Bank") is the owner of the GE/Macy's Accounts;

WHEREAS, GE Bank has provided heretofore all credit processing and collection services with respect to the GE/Macy's Accounts utilizing credit systems owned or licensed by GE Capital and GE Capital has provided certain credit services with respect to certain FDS/Macy's Accounts, and FACS has provided all credit processing and collection services with respect to the FDS Serviced Accounts (including certain FDS/Macy's Accounts) utilizing credit systems owned or licensed by FACS or its affiliates;

WHEREAS, the FDS Parties and GE Capital wish to facilitate generally uniform treatment of, and performance by, the GE/Macy's Accounts and the FDS Serviced Accounts by utilizing common systems and software for the servicing of all such accounts;

WHEREAS, GE Capital and the FDS Parties expect that certain economies of scale would be derived from allocating the responsibility for providing all credit processing services required with respect to GE/Macy's Accounts and FDS/Macy's Accounts between GE Capital and FACS such that each would provide certain credit services with respect to such accounts;

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* Confidential portions of this Exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

WHEREAS, in furtherance of the foregoing, (a) GE Capital and the FDS Parties are entering into this Agreement for purposes of setting forth the terms and conditions that will govern the provision of certain services by GE Capital to the FDS Parties and the license by GE Capital to the FDS Parties of certain software and (b) GE Bank, GE Capital, and FACS are entering into, contemporaneously herewith, the FACS Credit Services and License Agreement for purposes of setting forth the terms and conditions that will govern the provision of certain services by FACS to GE Bank and GE Capital and the license by FACS to GE Capital and GE Bank of the FACS credit system and software.

NOW, THEREFORE, in consideration of the terms and

mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE 1 DEFINITIONS

1.1 Definitions

. When used in this Agreement, the following capitalized terms shall have the meaning specified below:

"Agreement" means this GE Capital Credit Services and License Agreement as it may be amended, modified or restated from time to time.

"Credit Insurance Program" means all credit life, disability, and involuntary unemployment insurance programs.

"FACS Services Agreement" means the FACS Credit Services and License Agreement among GE Bank, GE Capital and FACS dated as of the date of this Agreement as it may be amended, modified or restated from time to time.

"FDS Event of Default" has the meaning given to it in Section 8.3.

"FDS Information" means data with respect to FDS Serviced Accounts transmitted by computer to GE Capital.

"FDS Information Condition" means, with respect to any FDS Information, that (i) such information is received by GE Capital at a time which allows GE Capital to perform the GE Capital Services as required hereby, (ii) such information is complete and accurate and (iii) such information is in a form that is readily usable by the GE Capital Credit System.

"FDS Serviced Accounts" means (i) the FDS/Macy's Accounts and (ii) all other private label credit card accounts owned by, and with respect to which credit is extended by, FDS or FDS Bank and that utilize any tradename owned by the retail divisions of FDS as of the date hereof (each group of accounts utilizing each such tradename constitutes a "Non-Macy's Portfolio").

"GE Capital License" means the license of the GE Capital Credit Software by GE Capital to the FDS Parties pursuant to Section 4.1.

"GE Capital Services" means the services required to be provided by GE Capital hereunder with respect to the FDS Serviced Accounts as described in Article 3 hereof and in Section I of Exhibit A hereto.

"GE Capital Credit Software" means the personal computer software programs identified in Section I of Exhibit B.

"GE Capital Credit System" means the mainframe computer system and GE Credit Software developed, owned and utilized by GE Capital to provide credit processing services, as the same may be modified, enhanced or replaced from time to time after the date hereof.

"GE Event of Default" has the meaning given to it in Section 8.1.

"Licensed Location(s)" means the location(s) identified in Section II of Exhibit B in which certain authorized employees of the FDS Parties may access and use the GE Capital Credit Software in accordance with the GE Capital License.

"Material Adverse Effect" means any material adverse

change in the quality or financial condition of the FDS/Macy's Accounts or any Non-Macy's Portfolio, each taken as a whole.

"Program Agreement" means the Amended and Restated Credit Card Program Agreement, dated as of the date hereof, entered into by and among Federated, FDS Bank, GE Bank, FACS and the other parties thereto as it may be amended, modified or restated from time to time.

"Service Fees" means the fees payable by the FDS Parties for the GE Capital Services, as specified in Article 3.

"Service Standards" means the minimum service performance levels at which the GE Capital Services are required to be provided hereunder, as specified in Section II of Exhibit A.

"Term" has the meaning given to it in Section 2.1 hereof.

1.2. General

. Except as the context may otherwise require, (i) words of any gender include the other gender, (ii) words using the singular or plural number also include the plural or singular number, respectively, (iii) the terms "hereof", "herein", "hereby", and any derivative or similar words refer to this entire Agreement, and (iv) the term "including" means "including, but not limited to". Whenever this Agreement refers to a number of days or months, such number shall refer to calendar days or months unless otherwise specified. The Exhibits and Schedules attached hereto are incorporated herein by this reference and constitute a part of this Agreement.

ARTICLE 2 TERM

2.1 Term

. The term of this Agreement shall commence on the date hereof and expire simultaneously with the termination of the Program Agreement, unless sooner terminated as provided herein (the "Term"), provided that following termination of this Agreement the FDS Parties shall have the right to require GE Capital to continue providing all or a portion of the GE Capital Services for up to six months after termination pursuant to the provisions of Section 8.6.

ARTICLE 3 CREDIT SERVICES

3.1 Appointment of GE Capital

. Each of FDS Bank, Federated and FACS hereby appoints GE Capital, and GE Capital hereby accepts appointment, as the agent of FDS Bank, Federated and FACS, respectively, for providing the GE Capital Services with respect to the FDS Serviced Accounts. The parties hereby acknowledge and agree that notwithstanding any other provisions of this Agreement to the contrary, all obligations of GE Capital to perform the GE Capital Services shall be subject to the prior satisfaction of the FDS Information Condition.

3.2 GE Capital Services

. GE Capital shall provide the GE Capital Services (including, without limitation, delivery of the reports described on Schedule A-3 hereto) and shall comply with the Credit and Collection Policy and the FACS License (as defined in the FACS Services Agreement) in providing the GE Capital Services. In providing the GE Capital Services, GE Capital will use the FACS Credit System which has been licensed to GE Capital pursuant to the FACS Services Agreement. In this regard, GE Capital agrees

to be bound by and to comply with the terms and conditions of the Program Agreement including, without limitation, Sections 4.4 and 4.5 thereof. GE Capital shall operate credit operations and facilities in a high quality, ethical manner, in such a way as not to disparage or embarrass the FDS Parties or any of their names, and with a level of service to the holders of FDS/Macy's Accounts that is not less than the level of service provided to (i) the holders of FDS/Macy's Accounts by the GE Parties prior to the date hereof and (ii) the holders of GE/Macy's Accounts by GE Capital prior to and from and after the date hereof. The GE Capital Services provided to the FDS/Macy's Accounts shall be of the same type, quality and nature as, and implemented and executed in the same manner as, the services provided by GE Capital to GE Bank with respect to the GE/Macy's Accounts, except to the extent such services may differ due to changes to the Credit and Collection Policy applicable to only the GE/Macy's Accounts or FDS/Macy's Accounts pursuant to the provisions of Sections 4.4 or 4.5 of the Program Agreement.

3.3 Service Standards

. GE Capital shall use its best efforts to (i) design systems to achieve, (ii) employ qualified personnel to meet, and (iii) otherwise satisfy on average (determined with respect to each FDS full fiscal quarter commencing after the completion of the relevant conversion of services) the Service Standards.

3.4 Service Fees.

(a) Postage. At least ten (10) days prior to the beginning of each month during the Term, GE Capital shall deliver an invoice to FDS for an amount equal to GE Capital's good faith estimate of the postage costs it will incur in the upcoming month in providing the GE Capital Services. Within five (5) days after receiving each such invoice, FDS shall pay to GE Capital, by wire transfer of immediately available funds, the full amount indicated on such invoice. Following the end of each month for which FDS has prepaid postage pursuant to this Section 3.4(a), GE Capital will calculate whether actual postage costs for such months were more or less than the amount of FDS's estimated payment. To the extent actual postage costs for such month were more or less than the estimated payment made by FDS for such month, GE Capital shall make appropriate adjustments to the next service fee statement delivered to FDS pursuant to Section 3.4(b).

(b) Service Fees. No later than ten (10) days after the beginning of each month during the Term, GE Capital shall deliver an invoice to FDS setting forth in reasonable detail the aggregate amount of Service Fees to be paid by the FDS Parties for the GE Capital Services rendered in the immediately preceding month. The amount of such fees shall be calculated in accordance with Schedule 3.4(b). FDS shall pay to GE Capital, within ten (10) days after receipt of each such statement, the full amount set forth thereon by wire transfer of immediately available funds or by such other method as the parties may agree. Any disputes with respect to any invoice delivered pursuant to Section 3.4(a) or 3.4(b) shall be resolved in accordance with the provisions of Section 9.9 of the Program Agreement.

(c) Inventory. The parties hereby agree that, in addition to the Service Fees payable pursuant to Section 3.4(b), all paper, envelopes and plastic required for production and mailing of billing statements and credit cards with respect to the FDS Serviced Accounts will either (i) be purchased by GE Capital as agent for FDS Bank in consultation with the FDS Parties, in which case GE Capital will invoice FDS directly for such purchases and FDS will pay GE Capital for such invoices (including shipping and taxes), by wire transfer of immediately available funds, or (ii) be purchased by FDS in consultation with GE Capital at FDS's sole cost and expense, provided that material qualities and quantities must be reasonably satisfactory to GE Capital.

(d) Adjustments. The parties hereto acknowledge and agree that the Service Fees are intended to provide GE Capital with payment for its actual costs of performing the GE Capital Services. The parties agree to take all commercially reasonable efforts, and to cooperate in all commercially reasonable respects (in each case taking into consideration their respective businesses and operations as a whole) to minimize such costs. On each six-month anniversary of the date hereof during the Term, either GE Capital or FDS may, if it believes that the fees set forth on Schedule 3.4(b) have resulted in GE Capital receiving Services Fees for the immediately prior six-month period in an amount either more or less than its actual costs for providing the GE Capital Services for such period, deliver a written notice to the other party requesting that the other party meet to discuss making appropriate modifications to Schedule 3.4(b). Any such modifications would be intended to assure that for the next six-month period GE Capital receives Service Fees equal to its cost of providing the GE Capital Services for such period, as adjusted to reflect the amount by which the Service Fees received by GE Capital for the immediately prior six month period were more or less than the amount of GE Capital's actual costs of providing the GE Capital Services for such period. If one party delivers a notice to the other party pursuant to this Section 3.4(d) and either the other party refuses to meet to discuss modifying Schedule 3.4(b) or the parties are unable to agree on modifications to Schedule 3.4(b) within twenty (20) days after delivery of such notice, then the notifying party may cause the dispute to be resolved in accordance with Section 9.9 of the Program Agreement. Any Person chosen to resolve such dispute pursuant to Section 9.9 of the Program Agreement shall approve any proposed increase in the fees on Schedule 3.4(b) (i) to the extent such proposed increase reflects an actual increase in costs of performing the GE Capital Services and (ii) to the extent such proposed increase is reasonable based on, among other things, historical costs and the impact of inflation on such costs.

3.5 Compliance with Law

. GE Capital shall implement and execute the Credit and Collection Policy in compliance with all requirements of applicable Law and shall perform the GE Capital Services in compliance with all requirements of applicable Law, except, in either case, to the extent a failure of GE Capital to so implement, execute and perform in compliance with applicable law is due solely to (i) the failure of the FDS Information Condition to be satisfied or (ii) GE Capital following specific written instructions of an Authorized FDS Person.

3.6 Cooperation

. GE Capital agrees to cooperate with the FDS Companies in resolving all disputes with FDS Serviced Account holders.

3.7 Payment Processing

. The parties intend that in addition to the GE Capital Services provided hereunder, subject to the mutual agreement of the parties with respect to fees payable in respect thereof (the parties agreeing to negotiate in good faith to reach agreement on such fees), GE Capital shall provide payment processing services as described and subject to the Service Standards set forth in Exhibit A with respect to the FDS Serviced Accounts.

3.8 Third Party Review

. Within 120 days after the date hereof, GE Capital will cause to be completed an initial operational and/or systems review of GE Capital by an independent third party accounting firm reasonably satisfactory to FDS Bank and shall provide FDS

Bank with a copy of all reports generated by such review (and the work papers related thereto) promptly after available. If any regulatory authority with jurisdiction over FDS Bank requests a third party operational and/or systems review of GE Capital, the GE Capital Credit System and/or all systems relating to the GE Capital Services, GE Capital shall, upon the request of FDS Bank, cause such a review (the scope of which meets such regulatory requirements) to be conducted by an independent third party accounting firm reasonably satisfactory to FDS Bank and shall provide FDS Bank with a copy of all reports generated by such review (and the work papers related thereto) promptly after available. The expenses of any such review shall be borne by GE Capital.

3.9 Conversion

. FACS and the GE Parties shall cooperate so that GE Capital is able to accomplish the conversion of all FDS Serviced Accounts to the GE Capital Services in an accurate, orderly and efficient manner in accordance with an agenda and schedule agreed to by all parties hereto. GE Capital agrees to use commercially reasonable efforts to effect such conversion in an accurate, orderly and efficient manner, except to the extent such conversion fails to be accurate, orderly and efficient due solely to the failure of the FDS Information Condition to be satisfied.

ARTICLE 4 LICENSE

4.1 License.

(a) Grant of License. GE Capital hereby grants to each of the FDS Parties, for the Term and for the period of any extended servicing pursuant to Section 8.6, a non-exclusive and non-transferable license to use the GE Capital Credit Software in the Licensed Locations strictly as set forth in this Section 4.1.

(b) Permitted Use. As further set forth herein, the GE Capital Credit Software may be used only at the Licensed Locations by employees of the FDS Parties ("Authorized FDS Users") who are provided with passwords approved by GE Capital and who are listed on a list of authorized users (which list will include the extent of such authorized user's authority to use the GE Capital Credit Software) maintained by the FDS Parties and provided to GE Capital. The Authorized FDS Users may only use the GE Capital Credit Software strictly for the benefit of the GE/Macy's Accounts and FDS Serviced Accounts, including the performance of the FACS Services to be performed under the FACS Services Agreement.

(c) Authorized Users. The FDS Parties may amend the list of Authorized FDS Users from time to time by providing reasonable notice of such amendments to GE Capital and GE Capital agrees to promptly provide any new Authorized FDS Users with appropriate passwords. In the event any Authorized FDS User ceases to be an employee of one of the FDS Parties or ceases to have responsibilities related to the Program or the FDS Serviced Accounts, the FDS Parties agree (i) to provide GE Capital with notice thereof as promptly as practicable, but in no event later than thirty (30) days thereafter, in order to permit GE Capital to terminate such employee's password and (ii) to be responsible for such employee's password until the date such notice is provided to GE Capital. The FDS Parties shall provide GE Capital with an updated list of the Authorized FDS Users within 20 days after the end of each calendar year.

(d) Additions to or Relocation of Licensed Locations. In the event that any Licensed Location is relocated or any new Licensed Location is added, the FDS Parties shall give reasonable advance notice of such relocation or addition to GE Capital and any costs and expenses required to be incurred by the FDS Parties or GE Capital so that GE Capital can fulfill its

obligations hereunder as a result of such relocation or addition of a Licensed Location shall be borne by the FDS Parties.

(e) Limitations. The FDS Parties may not:

(i) use the GE Capital Credit Software except as permitted herein or in any location other than a Licensed Location;

(ii) copy or duplicate the GE Capital Credit Software except as necessary to utilize the same as specifically permitted herein;

(iii) remove any proprietary or copyright legend from the GE Capital Credit Software;

(iv) create, or authorize any other party to create, the source code to the GE Capital Credit Software by reverse engineering, decompiling or otherwise;

(v) permit access to the GE Capital Credit Software to any Person other than an Authorized FDS User without requiring each such Authorized FDS User to sign a confidentiality agreement in the form of Exhibit C;

(vi) modify or alter any of the GE Capital Credit Software; or

(vii) use any software to access the GE Capital Credit Software other than (x) software approved by GE Capital in writing and (y) in a manner which GE Capital has had the opportunity to review and has approved in writing.

(f) Property Rights. The FDS Parties acknowledge that the GE Capital Credit Software is proprietary to, and is the property of, GE Capital and that the GE Capital Credit Software contains the confidential, proprietary and trade secret information of GE Capital and that GE Capital will be irreparably harmed and will have no adequate remedy at law if the FDS Parties fail to perform any of their obligations under this Section 4.1. It is accordingly agreed that, in addition to any other remedies which may be available at law or in equity, GE Capital shall have the right to obtain injunctive relief to restrain a breach or threatened breach of, or otherwise obtain specific performance of, the FDS Parties' covenants and agreements contained in this Section 4.1.

(g) Access. During the Term, subject to and in accordance with the GE Capital License, GE Capital shall provide the FDS Parties all such links to the GE Capital Credit System as may be necessary in order to enable the FDS Parties to receive the GE Capital Services hereunder.

(h) Modifications and Enhancements. GE Capital shall not modify, enhance or replace the GE Capital Credit System in any way that would cause any amendment or modification to the Major Credit and Collection Policies without the prior written consent of the FDS Parties. In the event that any portion of the GE Capital Credit System which relates to or affects any of the links referred to in Section 4.1(g) is modified, enhanced or replaced, GE Capital shall provide to the FDS Parties, when such modification, enhancement or replacement is released for use in conjunction with the FDS/Macy's Accounts, the benefit thereof at no cost to the FDS Parties. If any such modification, enhancement or replacement would require the FDS Parties to incur any costs or expenses to permit the FDS Parties' credit system (as existing as of the date hereof) to be compatible with the GE Capital Credit System so as to enable the FDS Parties to exercise the links referred to in Section 4.1(g), such costs shall be borne by GE Capital.

4.2 Maintenance

. During the Term, GE Capital shall provide, or cause to be provided, maintenance services to the FDS Parties with respect to the GE Capital Credit Software as described in this Section 4.2.

(a) Help Desk. GE Capital shall maintain a help desk which the FDS Parties may access by telephone during all hours when collections on the FDS Serviced Accounts may be legally made. Such help desk shall be available to the FDS Parties for problem reporting.

(b) Code Corrections. GE Capital shall provide to the FDS Parties, from time to time, any known code corrections that may be made to the GE Capital Credit Software promptly after such corrections are made by or become available to GE Capital.

4.3 License Fees

. For the license and maintenance services provided hereunder, the FDS Parties shall pay to GE Capital a one-time license fee of \$[OMISSION].

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

5.1 Mutual Representations and Warranties

. Each party to this Agreement represents and warrants to the other party on the date hereof and on each date that GE Capital provides any of the GE Capital Services hereunder that:

(i) Such party (A) is duly organized, validly existing, and in good standing under the laws of the jurisdiction of its organization; (B) is duly qualified and in good standing under the laws of each jurisdiction where its ownership or lease of property or the conduct of its business requires such qualifications, except (x) in the case of GE Capital, where failure to be so qualified would not have a Material Adverse Effect or a material adverse effect on the ability of GE Capital to perform its obligations pursuant to the terms of this Agreement and (y) in the case of the FDS Parties, where failure to be so qualified would not have a material adverse effect on their ability to perform their obligations hereunder; (C) has the requisite power and authority and the legal right to own, pledge, mortgage, and operate its properties, to lease the properties it operates under lease, and to conduct its business as now conducted and hereafter contemplated to be conducted; (D) has all necessary licenses, permits, consents, or approvals from or by, and has made all necessary notices to, all authorities having jurisdiction, to the extent required for such current ownership and operation or as proposed to be conducted, except (x) in the case of GE Capital, where failure to obtain such license, consent, permit or approval, or to give such notice would not have a Material Adverse Effect or a material adverse effect on the ability of GE Capital to perform its obligations pursuant to the terms of this Agreement and (y) in the case of the FDS Parties, where the failure to obtain such license, consent, permit or approval or to give such notice would not have a material adverse effect on their ability to perform their obligations hereunder; and (E) is in compliance with its certificate of incorporation and by-laws.

(ii) The execution, delivery, and performance of this Agreement and all instruments and documents to be delivered hereunder: (A) are within such party's power; (B) have been duly authorized by all necessary or proper action of such party; (C) do not and will not contravene any provisions of such party's certificate of incorporation or by-laws; (D) will not violate any law or regulation or any order or decree of any court or governmental instrumentality applicable to such party; (E) will not conflict with or result in the breach of, or constitute a default under any indenture, mortgage, deed of trust, lease, agreement, or other instrument to which such party

is a party or by which any of its property is bound; and (F) do not require any filing or registration with or the consent or approval of any governmental body, agency, authority, or any other person which has not been made or obtained previously. Each party to this Agreement further represents and warrants that this Agreement has been duly executed and delivered by, and constitutes a legal, valid, and binding obligation of such party, enforceable against it in accordance with its terms, subject to the extent that enforceability may be limited by applicable bankruptcy, reorganization, insolvency, moratorium and other laws affecting creditors' rights generally from time to time in effect and to the availability of equitable remedies.

5.2. Representations and Warranties of GE Capital

. GE Capital represents and warrants to the FDS Parties, on behalf of itself and any Affiliate performing any of the GE Capital Services, on the date hereof and on each date that GE Capital provides any of the GE Capital Services hereunder that:

(i) GE Capital (A) has all of the necessary facilities, equipment and personnel to provide the GE Capital Services in accordance with the terms of this Agreement; and (B) has and shall maintain disaster recovery procedures and systems with respect to the FDS Serviced Accounts satisfactory to the FDS Parties and at least comparable to those maintained on the date hereof for the GE/Macy's Accounts.

(ii) GE Capital is Solvent.

(iii) GE Capital is not in default with respect to any material contract, agreement, lease, or other instrument to which it is a party, nor has it received any notice of default under any such material contract, agreement, lease or other instrument, which as a consequence of any such default would materially and adversely affect the performance of its obligations under this Agreement.

(iv) No contract, lease, agreement, or other instrument to which GE Capital is a party or by which it is bound, and no provision of applicable Law, materially and adversely affects the business, operation, prospects, property, or financial condition of GE Capital such as to impair its ability to meet its obligations under this Agreement.

(v) GE Capital has the right to use the GE Capital Credit System to provide the GE Capital Services hereunder without infringement or violation of the intellectual property, trademark, trade secret, copyright, patent or other rights of others.

(vi) GE Capital has the right to license the GE Capital Credit Software hereunder without infringement or violation of the intellectual property or other rights of others, provided that this warranty is limited and does not apply to (x) the use of the GE Capital Credit Software other than in accordance with the GE Capital License and the operating instructions provided by GE Capital and (y) any copy of the GE Capital Credit Software that is modified by any person other than an authorized representative of GE Capital.

ARTICLE 6 CONFIDENTIALITY

6.1 Trade Secrets and Confidential Information

. GE Capital, on the one hand, and the FDS Parties, on the other, acknowledge that in the course of performance hereunder, each of them and/or their respective Affiliates may receive the trade secrets and confidential information of the other.

(a) Trade Secrets. As used herein, "trade secrets" shall mean information including or containing technical or non-technical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, or a list of actual or potential customers or suppliers that (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

(b) Confidential Information. As used herein, "confidential information" shall mean information including data, as to operation, use, prices, sales, vendors, customer lists, customer information, account information, business plans or administrative, financial or marketing plans, that is competitively sensitive and not generally known by or made available to the public, or that are treated as confidential by the owner thereof but that does not rise to the level of a trade secret under applicable law.

6.2 Non-Disclosure Obligations

. GE Capital, on the one hand, and the FDS Parties, on the other, acknowledge that the confidentiality of the trade secrets and the confidential information of the other is necessary and, except as provided in Section 6.3, agree at all times, during and after the Term, not to use, communicate, publish, disclose or disseminate, directly or indirectly, any trade secrets or confidential information of the other for any purpose except for the purpose of performing in accordance with this Agreement. In the event any information can be treated as both trade secrets and confidential information, such information shall be treated as trade secrets for purposes of this Agreement. Each party shall use the same care to prevent disclosure to third parties of the trade secrets and confidential information of the other as it employs to avoid disclosure, publication or dissemination of its own information of a similar nature. Use or disclosure by the FDS Parties of the GE Capital Credit Software in any manner other than as permitted herein, in the Program Agreement, in the Commercial Accounts Agreement or in the FACS Services Agreement shall be an unauthorized disclosure of GE Capital's trade secrets. The parties agree that, in addition to any other remedies which may be available at law or in equity, each party shall have the right to obtain injunctive relief to restrain a breach or threatened breach, or otherwise obtain specific performance of, the other party's covenants and agreements in this Section 6.2.

6.3 Permitted Disclosure

. Notwithstanding the foregoing, a receiving party may disclose some or all of the trade secrets and confidential information of the other party which are:

(i) required to be disclosed by law or order of court or governmental agency applicable to the receiving party, provided that the receiving party shall give prompt notice to the other party of any request for such disclosure so that the other party may seek a protective order or other appropriate remedy, and notwithstanding any such disclosure, such disclosed trade secrets or confidential information shall remain confidential and otherwise subject to the provisions of Article 6;

(ii) generally known and available in the public domain, or become part of the public domain through no violation of any confidentiality provisions of this Agreement; or

(iii) developed by the recipient or its representatives independently of such information or trade secrets.

6.4 Use of Trade Secrets or Confidential Information

. Neither GE Capital nor the FDS Parties may:

(i) acquire any right in or assert any lien against the trade secrets or confidential information of the other; or

(ii) refuse to return promptly upon the reasonable request of the other as permitted herein any confidential information or trade secrets of the other that it may have in its possession.

ARTICLE 7 INDEMNIFICATION

7.1 Indemnification.

(a) Indemnification by GE Capital. GE Capital shall indemnify, defend and hold harmless each of the FDS Parties and each of their Affiliates and the officers, directors, employees, agents, shareholders, successors and assigns of the FDS Parties and each of their Affiliates (collectively, the "FDS Indemnified Parties") from and against any and all claims, actions, damages, losses, liabilities, costs and expenses, including reasonable attorneys' fees and expenses (collectively "Damages") caused by, relating to or arising out of (i) the failure of any representation or warranty of GE Capital hereunder to be true and correct in any material respect when made or remade; (ii) the breach by GE Capital or any of its Affiliates of any of their covenants or agreements hereunder; (iii) any act or omission by GE Capital or its Affiliates, employees or agents in performing, implementing and/or executing the GE Capital Services and the Credit and Collection Policy, except to the extent (x) the Credit and Collection Policy specifically describes how such act should be implemented and GE Capital implemented such act in conformity with such description (other than modifications to the Credit and Collection Policy (including the Major Credit and Collection Policies) made by GE Capital without the approval of the Policy Committee pursuant to Section 4.4 of the Program Agreement) or (y) any such performance, implementation or execution was effected in accordance with specific written instructions from an Authorized FDS Person or (z) the Damages arising out of such act or omission are due solely to the failure of the FDS Information Condition to be satisfied; (iv) any acts or omissions of the FDS Parties, their employees or any of their agents taken at the specific written request of any Authorized GE Person; (v) the failure of the GE Information (as defined in the FACS Services Agreement) provided by GE Capital pursuant to the terms of the FACS Services Agreement to be accurate, and (vi) notwithstanding the provisions of Section 7.1(a)(iii) hereof, any judgmental decisions (i.e., any determination or decision made which is not specifically directed by the Credit and Collection Policy) effected by GE Capital or its employees or agents in effecting the GE Capital Services.

(b) Indemnification by the FDS Parties. The FDS Parties shall indemnify, defend and hold harmless GE Capital and its Affiliates and the officers, directors, employees, agents, shareholders, successors and assigns of GE Capital and each of its Affiliates (collectively, the "GE Indemnified Parties") from and against any and all Damages caused by, relating to or arising out of (i) the breach by the FDS Parties of any of their covenants or agreements hereunder; (ii) the failure of any representation or warranty of the FDS Parties hereunder to be true and correct in any material respect when made or remade; (iii) any act or omission by GE Capital or its employees or agents in performing, implementing and/or executing the GE Capital Services and the Credit and Collection Policy effected in accordance with specific written instructions from an Authorized FDS Person; and (iv) the use by GE Capital in performing the GE Capital Services of any tradename owned by any FDS Company or

their Affiliates which tradename is not licensed to GE Capital under the Trademark and License Agreement.

7.2 Infringement Indemnity.

(a) Indemnity. GE Capital shall indemnify, defend and hold harmless each of the FDS Indemnified Parties from and against any and all Damages caused by, relating to or arising out of any claim of infringement asserted in the United States by third parties of any United States letters patent, trade secrets, copyright, trademark, service mark, trade name, or similar proprietary right conferred by common law or by any statute that is alleged to have occurred because of use by the FDS Parties of the GE Capital Credit Software as permitted herein.

(b) Remedies. In the event an FDS Indemnified Party is enjoined by reason of any infringement claim, GE Capital shall, without limiting any other rights of the FDS Indemnified Party, either:

(i) procure the right to continue to use the GE Capital Credit Software or any component thereof, as contemplated hereunder or, at its option,

(ii) replace or modify the GE Capital Credit Software or any component thereof, to permit the performance of, or to render use thereof, or any component thereof, noninfringing while performing substantially the same functions without substantial degradation of performance.

(c) Limitations. Notwithstanding the provisions of this Section 7.2, GE Capital shall not have any duty to investigate or warn the FDS Indemnified Parties of any such possibility of infringement.

7.3 Conduct of Litigation

. In the event a claim or judicial action is brought or threatened against an indemnified party with respect to matters covered by Section 7.1 or 7.2, the indemnifying party shall have the sole right to defend such claim or action at its expense and to control the defense and settlement thereof, provided, that the indemnified party shall have the right to participate in such defense and negotiations using counsel at its own expense and the indemnifying party shall obtain the indemnified party's consent, prior to entering into a settlement, consent decree, compromise or consenting to any injunctive relief with respect to such claim or action. Any indemnified party shall provide prompt notice to the indemnifying party of any claims for which the indemnified party intends to seek indemnification for hereunder, provided that the failure to provide such notice shall not affect the obligations of the indemnifying party except to the extent such failure causes actual harm to the indemnified party.

ARTICLE 8 DEFAULT; REMEDIES

8.1 GE Events of Default

. It shall be a "GE Event of Default" if any of the events set forth below shall occur and be continuing and remain unremedied prior to the expiration of the specified period.

(a) Service Standards Default. If GE Capital shall consistently fail to perform its obligations under Section 3.3, and such consistent failure to perform shall (i) have a Material Adverse Effect or a material adverse effect on the Program, and (ii) remain unremedied for a period of seventy-five (75) days after delivery of written notice thereof by any FDS Party to GE Capital.

(b) Credit and Collection Policy Defaults.

(i) If GE Capital shall fail to perform the GE Capital Services in accordance with any provision of the Credit and Collection Policy where such failure is or results in a violation of applicable Law, and such failure is not remedied within seven (7) days after delivery of written notice thereof by any FDS Party to GE Capital, provided that if, notwithstanding GE Capital's diligent, best efforts to cause its employees and agents to perform the GE Capital Services so as not to violate applicable Law, certain employees or agents have failed to so perform the GE Capital Services, the time period set forth in this Section 8.1(b)(i) shall be extended, but not by more than an additional 10 days, as long as GE Capital continues to use diligent, best efforts to remedy such failure.

(ii) If GE Capital shall fail to perform the GE Capital Services in accordance with any provision of the Credit and Collection Policy where such failure is not or does not result in a violation of applicable Law, and such failure (x) has a Material Adverse Effect and (y) is not remedied within thirty (30) days after delivery of written notice thereof by any FDS Party to GE Capital.

(iii) If GE Capital shall consistently fail to perform any of the GE Capital Services in accordance with any provision of the Credit and Collection Policy where such failure is not or does not result in a violation of applicable Law and does not have a Material Adverse Effect, and is not remedied within seventy-five (75) days after delivery of written notice thereof by any FDS Party to GE Capital; provided that each of the time periods in this Section 8.1(b) shall be extended upon agreement of the parties, but not by more than 60 days, so long as GE Capital is using its diligent, best efforts to remedy such failure in the event that (x) the provision of the Credit and Collection Policy that GE Capital has failed to perform is a provision of the Credit and Collection Policy which FDS or one of its Affiliates has unilaterally modified pursuant to Section 4.4 of the Program Agreement and (y) the reason GE Capital has been unable to so perform is because the GE Credit System requires modifications in order to implement such unilaterally modified provision of the Credit and Collection Policy.

(c) Credit Systems Default. If GE Capital shall fail to perform all or substantially all of the GE Capital Services for a period of seven (7) consecutive days due to a failure of the GE Credit System or otherwise.

(d) Breach of Infringement Warranty. If GE Capital shall fail to provide the remedy specified in Section 7.2(b) as indemnitor with respect to a claim of infringement as specified in Section 7.2.

(e) Breach of Agreement. If GE Capital shall breach any of its obligations under this Agreement or any of its representations and warranties under this Agreement (other than obligations, representations or warranties the breach of which is otherwise addressed in this Section 8.1) and such breach has a Material Adverse Effect and is not cured within thirty (30) days after delivery of written notice thereof by any FDS Party to GE Capital.

(f) Bankruptcy. If an Event of Bankruptcy shall have occurred with respect to GE Capital.

(g) Material Adverse Change. If there shall have been a material adverse change to the business, financial condition, or operations of GE Capital which change has a material adverse effect on its ability to fulfill its obligations hereunder pursuant to the terms hereof.

8.2 FDS Remedies

. Upon the occurrence of a GE Event of Default

pursuant to Section 8.1(a) or 8.1(b)(ii), the FDS Parties may, in addition to any other remedies they may have at law or equity, terminate the GE Capital Services being provided with respect to the FDS/Macy's Accounts or any Non-Macy's Portfolio only to the extent such portfolio suffered the Material Adverse Effect that was the basis for such GE Event of Default; however, the FDS Parties may not terminate the Agreement based on such GE Event of Default unless such Material Adverse Effect has occurred with respect to all the FDS Serviced Accounts. Upon the occurrence of a GE Event of Default pursuant to any other provision of Section 8.1, the FDS Parties may, in addition to any other remedies they may have at law or equity, terminate this Agreement by delivering a written notice of termination to GE Capital.

8.3 FDS Events of Default

. It shall be an "FDS Event of Default" if any of the events set forth below shall occur and be continuing and remain unremedied prior to the expiration of the specified period.

(a) Breach by the FDS Parties as Licensee. If any of the FDS Parties shall breach any of their obligations under Section 4.2, and fail to cure the same within twenty (20) days after delivery of written notice thereof by GE Capital.

(b) Breach of Agreement. If the FDS Parties shall breach in any material respect any of their obligations under this Agreement or any of their representations and warranties under this Agreement (other than obligations, representations and warranties the breach of which is otherwise addressed in this Section 8.3), and fail to cure such breach within thirty (30) days after delivery of written notice thereof by GE Capital to any FDS Party.

(c) Bankruptcy. If an Event of Bankruptcy shall have occurred with respect to any FDS Party.

8.4 GE Capital Remedies

. Upon the occurrence of an FDS Event of Default, GE Capital may, in addition to any other remedies it may have at law or equity, terminate this Agreement by delivering a written notice of termination to the FDS Parties.

8.5 Excuse For Non-Performance

. In the event one party (the "Performing Party") is unable to comply with or perform any of its obligations hereunder solely due to (i) the other party (the "Non-Performing Party") failing to perform its obligations hereunder or under any other Transaction Document or (ii) the quality, nature, timeliness, completeness or accuracy of any goods, services or data provided by the Non-Performing Party to the Performing Party, the Performing Party shall be excused from such performance (and no event of default shall be deemed to have occurred) provided that the Performing Party shall (a) notify the Non-Performing Party as soon as practicable describing the default and explaining how the Performing Party's performance has been affected; (b) use reasonable efforts to mitigate the effect of the Non-Performing Party's failure; and (c) perform its obligations hereunder to the extent reasonably practicable. Both parties shall use diligent, uninterrupted efforts to cure the failure and eliminate the effects thereof.

8.6 Post-Termination Procedures

. Upon termination or expiration for any reason of this Agreement, the parties shall comply with their respective post-termination obligations, if any, as set forth below:

(a) Payments. Except as may be expressly provided otherwise herein, within ten (10) business days after the effective date of termination of this Agreement, each party

shall pay the other party any amounts that as of that effective date were due and owed thereto pursuant to this Agreement.

(b) Extended Servicing. The FDS Parties may cease to receive GE Capital Services hereunder from and after the effective date of termination, provided that the FDS Parties may elect to require GE Capital to continue to provide all or a portion of the GE Capital Services to the FDS Serviced Accounts for up to a maximum of six (6) months following the effective date of termination. In the event of an election by the FDS Parties to receive GE Capital Services, GE Capital shall provide GE Capital Services as described herein subject to payment by the FDS Parties of the applicable Services Fees then in effect and the GE Capital License granted hereunder shall continue for such time.

(c) Deconversion. Subject to the provisions of Section 8.6(b), FACS and the GE Parties shall cooperate in good faith so that the GE Parties are able to promptly accomplish the conversion of all FDS Serviced Accounts to the FDS Parties in an accurate, orderly and efficient manner. In this regard, GE Capital agrees that it will provide the FDS Parties and their respective designees, officers, employees, accountants, and other representatives with all access rights to the GE Credit System as reasonably required by the FDS Parties in order to enable the FDS Parties to effect a prompt, accurate, orderly and efficient conversion. The FDS Parties agree that in the event of any such conversion, they shall use commercially reasonable efforts to effect such conversion in an accurate, orderly and efficient manner, except to the extent such conversion fails to be accurate, orderly and efficient due solely to the failure of conversion information provided by GE Capital at the time to be accurate in all material respects.

(d) Return of Materials. The FDS Parties shall (i) surrender to GE Capital all copies of the GE Capital Credit Software remaining in the possession of the FDS Parties or any person acquiring any such copy through any of the FDS Parties in accordance with the terms and conditions hereof and (ii) return to GE Capital all written instructions or manuals in the possession of the FDS Parties relating to the GE Capital Credit Software.

ARTICLE 9 MISCELLANEOUS

9.1 Governing Law; Jurisdiction

. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to its rules governing conflicts of law.

9.2 Audit and Access Rights

. Each of the parties hereto shall have the right to access the premises and audit the records of the other parties hereto as set forth herein.

(a) Rights of FDS Parties. The FDS Parties shall have all such rights to access the premises of GE Capital, the GE Credit System and audit the records of GE Capital as may be necessary or desirable to permit the FDS Parties to fulfill all of their responsibilities, and exercise all of their rights, under the Transaction Documents. Without limiting the generality of the foregoing, GE Capital shall permit the FDS Parties and their designees, officers, employees, attorneys, accountants and/or other representatives during normal business hours with reasonable advance notice, in such a manner as to minimize interference with the normal business operations of GE Capital (i) to observe, monitor and obtain information regarding the FDS Serviced Accounts and to observe and monitor the implementation by GE Capital personnel of the Credit and Collection Policy, (ii) to observe whether the GE Capital Services and the Credit

and Collection Policy are being applied consistently between the FDS Serviced Accounts and the GE/Macy's Accounts and in compliance with the provisions of the Program Agreement and (iii) to examine, audit, inspect, copy and make copies of all of the data, records, files, and books of account under the control of GE Capital (whether received on computer, electromagnetic storage vehicles, paper, film or other medium) and relating strictly to the FDS Serviced Accounts and to the back-up documentation relating to the reports provided hereunder by GE Capital to the FDS Parties. The costs and expenses of any exercise by the FDS Parties of their rights hereunder shall be borne by the FDS Parties. Notwithstanding any other provision of this Agreement, the FDS Parties shall not have any access or audit rights with respect to any information in the possession of GE Capital or its Affiliates regarding services provided by GE Capital or its Affiliates to any non-affiliated third party other than the FDS Parties. Employees of GE Capital shall be permitted to be present during the exercise by the FDS Parties of any of their audit and access rights under this Section 9.2(a).

(b) Rights of GE Capital. The FDS Parties shall permit GE Capital and its respective designees, officers, employees, attorneys and accountants and/or other representatives during normal business hours with reasonable advance notice, in such manner as to minimize interference with the normal business operations of the FDS Parties, to examine, audit and inspect each of the Licensed Locations in order to ensure compliance with the terms and conditions governing the GE Capital License as set forth in Section 4.1 and with the provisions of Article 6. The cost and expense of all such audits or examinations shall be borne by GE Capital. Employees of the FDS Parties shall be permitted to be present during the exercise by GE Capital of any of its audit and access rights under this Section 9.2(b).

9.3 Entire Agreement; Amendments; Waivers

. This Agreement contains the entire agreement of the parties hereto as to the subject matter discussed herein. Any amendment to or modification of this Agreement must be in writing and executed by authorized officers of GE Capital and the FDS Parties. No waiver by either party of any right or power it has under this Agreement shall impair or be construed as a further waiver of such right or power. To be effective, all waivers must be in writing and signed by the party waiving its rights.

9.4 Assignability

. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Except as expressly provided with respect to indemnification rights in Article 7, nothing herein shall create or be deemed to create any third party beneficiary rights in any person or entity not a party to this Agreement. Neither GE Capital, on the one hand, nor the FDS Parties, on the other, may assign their rights or obligations hereunder without the prior consent of the other, except that in the case of a proposed assignment by GE Capital to an Affiliate, such consent shall not be unreasonably withheld by the FDS Parties, provided that in connection with any such assignment GE Capital delivers to the FDS Parties instruments reasonably satisfactory to the FDS Parties pursuant to which the terms of the GE Capital Guaranty will be extended to this Agreement.

9.5 Relationship of Parties

. In performing under this Agreement, the parties are acting as independent contractors and this Agreement shall not be construed as providing either party with the right, power or authority to impose any duty or obligation on the other except as expressly provided herein.

9.6 Survival

. The provisions of Article 6, Article 7, and Sections 4.1 (for as long as any post-termination servicing occurs pursuant to Section 8.6), 8.6 and Section 9.2 (for as long as any post-termination servicing occurs pursuant to Section 8.6), of this Agreement shall survive a termination or expiration of this Agreement.

9.7 Notices

. Any notice or other communication required or otherwise provided for under this Agreement shall be in writing and shall be deemed given when delivered by hand or by courier or express mail or by registered or certified United States mail, return receipt requested, postage prepaid, or by facsimile if receipt is acknowledged (except that a notice of termination or breach shall not be sent by facsimile) and shall be addressed as follows:

In the case of the FDS Parties:

Federated Department Stores, Inc.
7 West Seventh Street
Cincinnati, OH 45202
Attn: Law Department
Fax: (513) 579-7897

with copies to:

FACS Group, Inc.
9111 Duke Blvd.
Mason, OH 45040
Attn: Senior Vice President
Fax: (513) 573-2039

In the case of GE Capital:

General Electric Capital Corporation
5665 New Forsyth Road
Macon, Georgia 31210
Fax: (912) 471-5014
Attn: Senior Vice President - Retailer Financial
Services

with copies to:

General Electric Capital Corporation
1600 Summer Street
Stamford, CT 06905
Attn: Counsel, Retailer Financial Services
Fax: (203) 357-3353

and

Macy's Credit Services
4605 Duke Drive
Mason, OH 45040
Attn: Executive Vice President
Fax: (513) 573-3251

Either party hereto may, from time to time, change its address or designated recipient for notification purposes by giving the other party notice thereof and the date upon which it shall become effective.

9.8 Ownership

. GE Capital shall have no right, title or interest in any FDS Serviced Account or the proceeds thereof. All payments to be made by FDS Serviced Account debtors shall be paid directly to the FDS Parties. In the event that GE Capital is at any time in possession of the proceeds of any FDS Serviced Account, GE Capital shall hold such funds as agent on behalf of FDS Serviced Account debtors for transfer to the FDS Parties.

9.9 Designees

. [OMISSION].

9.10 Credit Insurance Programs.

(a) All net revenue from Credit Insurance Programs, whether currently existing or hereafter created, with respect to GE/Macy's Accounts shall be shared [OMISSION] between GE Capital and FDS.

(b) Replacements or substitutes for any Credit Insurance Programs with respect to GE/Macy's Accounts shall require the mutual consent of the FDS Parties, on the one hand, and GE Capital, on the other hand.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

GENERAL ELECTRIC CAPITAL
CORPORATION

By: /s/ Richard A. Hayes
Name: Richard A. Hayes
Title: Senior Vice President
Retailer Financial Services

FDS NATIONAL BANK

By: /s/ James R. Gudmens
Name: James R. Gudmens
Title: President

FEDERATED DEPARTMENT STORES,
INC.

By: /s/ Ronald W. Tysoe
Name: Ronald W. Tysoe
Title: Vice Chairman and
Chief Financial Officer

FACS GROUP, INC.

By: /s/ Robert C. Seppelt
Name: Robert C. Seppelt
Title: Vice President

Exhibit A

GE CAPITAL SERVICES TO FDS PARTIES

General. All of the GE Capital Services described hereafter shall be provided by GE Capital (i) in accordance with, and as more fully described in, the then applicable Credit and Collection Policy and (ii) without limiting the FDS Parties' rights or altering the obligations of the FDS Parties under the Program Agreement including pursuant to Section 4.4 of the Program Agreement.

I. GE CAPITAL SERVICES

1. Billing Statement Production

1.1. Provide billing statement processing services as described below and in accordance with the technical specifications and billing cycle timeframes established between GE Capital and the FDS Parties.

- (i) Receive and process the electronic periodic billing statement file.
- (ii) Trim, burst and fold all periodic billing statements.
- (iii) Insert all periodic billing statements as described in Section 2.2 below.
- (iv) Place required postage on all periodic billing statement envelopes.
- (v) Presort all qualified mail.
- (vi) Seal and deliver all periodic billing statement envelopes to US Postal Service.

2. Billing Statement Mailing

2.1. Mail periodic billing statements, except those periodic billing statements otherwise agreed to by the FDS Parties, within the timeframe established in Section II of this Exhibit A.

2.2. Insert marketing material approved by the FDS Parties and received by GE Capital in usable form that conforms to materials specifications of GE Capital into the designated periodic billing statements. The inserts are to be distributed within the periodic billing statement in the following order:

- (i) First, any inserts or messages that the FDS Parties, in their sole judgment, determine are required by Law to be included in a periodic billing statement shall be included and shall have priority over all other inserts and messages;
- (ii) Second, any inserts or messages that any FDS Company is contractually required to include in a periodic billing statement shall be included;
- (iii) Third, any inserts or messages that FDS, in its sole discretion, determines should be included in a periodic billing statement shall be included; and
- (iv) Fourth, any inserts or messages with respect to programs approved by FDS and GE Bank for inclusion in a periodic billing statement shall be included.

2.3. Mail periodic billing statements within the timeframe required by Regulation Z.

2.4. Exercise reasonable quality control review of periodic billing statements.

2.5. In the event of any material disruption in periodic billing statement services, GE Capital will use commercially reasonable efforts to notify FACS of such disruption on the same business day, and, in any event will provide notice as promptly as practicable.

2.6. Provide the following reporting for the periodic billing statement services:

- (i) Daily statement status report by Division of cycles billed, mailed and quantity.
- (ii) Monthly inventory report for all supplies.
- (iii) Monthly statement analysis report of mailings by Division with associated costs and breakdown.

2.7. Notwithstanding the above, GE Capital will also be responsible for inventory control, warehousing of the periodic billing statements and associated materials.

3. Credit Card Production

3.1. GE Capital will emboss and encode FDS/Macy's Credit Cards and credit cards for other FDS Serviced Accounts as described below and in accordance with the technical specifications and credit card production schedules established between GE Capital and the FDS Parties.

- (i) Receive and process the electronic Credit Card file.
- (ii) Emboss two (2) lines of data unless otherwise specified.
- (iii) Magnetically encode the cards.
- (iv) Print the customer information on the Credit Card card carrier form.
- (v) Data match the Credit Cards and the Credit Card card carriers.
- (vi) Insert as described in Section 4.2 below.
- (vii) Trim, burst and fold the Credit Card card carriers.
- (viii) Insert the Credit Card card carriers into the Credit Card card carrier envelopes.
- (ix) Place required postage on the Credit Card card carrier envelopes.
- (x) Seal and deliver all Credit Card card carrier envelopes to US Postal Service.

3.2. FDS/Macy's Credit Cards shall be in the design and format jointly established by the FDS Parties and GE Bank and shall include the Macy's Tradename.

4. Credit Card Mailing

4.1. Mail Credit Cards within the timeframe established in Section II of this Exhibit A.

4.2. Insert marketing material approved by the FDS Parties that conforms to materials specifications of GE Capital into the envelope carrying the designated Credit Card card carrier. The inserts are to be included with the Credit Card card carrier in the following order:

- (i) First, any inserts or messages that the FDS Parties, in their sole judgment, determine are required by Law to be included in a

Credit Card card carrier shall be included and shall have priority over all other inserts and messages;

- (ii) Second, any inserts or messages that any FDS Company is contractually required to include in a Credit Card card carrier shall be included;
- (iii) Third, any inserts or messages that FDS, in its sole discretion, determines should be included in a Credit Card card carrier shall be included; and
- (iv) Fourth, any inserts or messages with respect to programs approved by the FDS Parties for inclusion in a Credit Card card carrier shall be included.

4.3. Exercise reasonable quality control review of Credit Cards.

4.4. In the event of any material disruption in credit and production or mailing services, GE Capital will use commercially reasonable efforts to notify FACS of such disruption on the same business day, and, in any event will provide notice as promptly as practicable.

4.5. Provide the following reporting for the Credit Card services:

- (i) Daily Credit Card Status report by Division of cards produced and mailed.
- (ii) Monthly Inventory report for all supplies, including reconciliation of any lost and damaged materials.
- (iii) Monthly Credit Card Inventory report.
- (iv) Monthly Credit Card analysis report of cards embossed and mailed by Division with associated costs and breakdown.

4.6. Notwithstanding the above, GE Capital will also be responsible for inventory control, warehousing of the Credit Cards and associated materials, and providing adequate security for all credit cards and discount coupons.

5. Remittance Processing

5.1. Provide remittance processing services as described below and in accordance with the technical specifications and payment processing production schedules established between GE Capital and the FDS Parties.

- (i) Perform lock box services, daily depositing of monetary medium in account(s) designated by FDS, I/O Control, data entry, balancing of payments and forwarding of miscellaneous Cardholder correspondence (including gift certificates) received through the lock box assigned for Cardholder payment remittance. GE Capital agrees to maintain the separateness of the FDS Parties' funds, including, without limitation, by arranging for all such cash management and lockbox arrangements as the FDS Parties shall reasonably request.

- (ii) Receive payments from a lock box assigned for Cardholder remittances, process payments and forward other customer communications received.
- (iii) Retain the original payment remittance for 7 days from the date of receipt.
- (iv) All payments shall be dated as of the date received.
- (v) Process or handle exceptions as provided by the FDS Parties. An "Exception" to standard processing occurs when (i) the provided envelope is not used, (ii) the envelope includes anything other than one remittance advice and one check (iii) the payment amount or account number on the check, does not match those on the remittance advice and
- (iv) GE Capital performs special handling instructions on behalf of the FDS Parties.

5.2. The FDS Parties will be responsible for establishing accounts for daily deposit of monetary medium received for payment remittances.

5.3. FACS will provide the appropriate system access for performing the account look-up function to the authorized users at GE Capital. The account look-up function is only to be used by GE Capital for processing Cardholder payment remittances when the cardholder account number does not appear on the monetary medium nor the periodic billing statement when the payment remittance is received by GE Capital.

5.4. Provide the following reporting for the Remittance Processing services:

- (i) Daily Remittance Processing Status report by Division of payments received (including gift certificates, cash, electronic media, and pay-by-phone) and exceptions returned to FACS.

II. SERVICE STANDARDS

Services Category	Standard
-------------------	----------

(All days are Business Days, measured from but excluding the date inquiry or notice or data is received by GE Capital; all standards expressed are averages calculated over a measurement period of an FDS fiscal quarter).

1. Billing Statement Production Best efforts to mail within 2 days after receipt by GE Capital of file, and, in any event, mailed not later than 4 business days after receipt by GE Capital of FDS Information that satisfies the FDS Information Condition.
2. Credit Card Production Mailing Mailed not later than 2 business days after receipt by

GE Capital of FDS Information that satisfies the FDS Information Condition (excluding card production and/or mailing in connection with reissuances, prescreen solicitations, or other events which do not relate to applications made at the point of sale in the ordinary course of business).

3. Payment Processing For processing (including depositing to account(s) designated by the FDS Parties) other than exception processing, best efforts to process within 1 day after receipt by GE Capital, and, in any event, processed not later than 2 business days after receipt by GE Capital of FDS Information that satisfies the FDS Information Condition.

EXHIBIT B

I. GE Capital Credit Software

1. Prospector system for managing the printing, inserting and messaging for billing statements and credit card mailings
2. Credit insurance management system

II. Licensed Locations

FACS Group, Inc.
9111 Duke Blvd.
Mason, OH 45040

EXHIBIT C

FORM OF EMPLOYEE CONFIDENTIALITY AGREEMENT (For FDS Authorized Users)

Pursuant to an Agreement between FDS National Bank, Federated Department Stores, Inc., FACS Group, Inc. ("FACS") (collectively, the "FDS Parties") and General Electric Capital Corporation ("GE Capital"), GE Capital provides processing and other services to the FDS Parties and GE Capital has licensed certain software to the FDS Parties for their use.

In the course of your employment you may receive or otherwise have access to information, data or materials owned by GE Capital which the FDS Parties are under an obligation to treat as strictly confidential. (For purposes of this Confidentiality Agreement, information, data and materials relating to systems, applications, related documentation and other trade secret information of GE Capital is referred to as "Confidential Information".)

In order to preserve and protect the confidentiality of all Confidential Information, you are required to sign a copy of this Confidentiality Agreement, thereby acknowledging and agreeing that:

- (i) You have been informed of and understand the confidential nature of the Confidential Information you may receive or have access to;
- (ii) You will not disclose the Confidential Information except (x) to a fellow employee, subcontractor, consultant or agent who also has executed a Confidentiality Agreement and then, only on a "need-to-know" basis or (y) as compelled to do so by a court or other governmental or quasi-governmental entity or as consented to in writing by the FDS Parties;
- (iii) That disclosure of any Confidential Information to any person other than as permitted herein may cause serious injury to GE Capital and the FDS Parties; and
- (iv) During and after your employment with us, except as required to perform your assigned duties as our employee, you will not use or reproduce, for any purpose, any of the Confidential Information that you receive or to which you have access.

I hereby acknowledge that I have read and understood the foregoing Confidentiality Agreement, and I agree not to disclose, use or reproduce any Confidential Information except as provided herein.

(Signature)

(Print)
Date

Schedule 3.4(b)

Service Fees

[OMISSION]

Schedule A-3

GE Capital Required Reports

Production Services
Monthly Reports

- 1. Statement Release Report Number of statements mailed and time to release
- 2. Remittance Processing Number of remittances processed
Service Delivery Report and time to process
- 3. Card Embossing Volume Number of cards embossed (new and
Report replacement) and time to emboss
- 4. Form Inventory Report Number of statements, envelopes
and standard inserts in inventory

- | | |
|---|---|
| 5. Advertising Insert
Inventory Report | Number of promotional inserts in
inventory |
|---|---|

Daily Reports

- | | |
|---|--|
| 1. Statement Release Report | Number of statements mailed and
time to release |
| 2. Remittance Processing
Service Delivery Report | Number of remittances processed
(new and replacement) and time to
emboss |
| 3. Card Embossing Volume
Report | Number of cards embossed (new and
replacement) and time to emboss |

GE CAPITAL/GE BANK CREDIT SERVICES AGREEMENT *

This GE CAPITAL/GE BANK CREDIT SERVICES AGREEMENT, dated as of June 4, 1996, is entered into by and among General Electric Capital Corporation ("GE Capital") and GE Capital Consumer Card Co. ("GE Bank"). Certain capitalized terms used herein have the meanings given to them in Article 1 hereof or, if not defined herein, have the meanings given to them in the Program Agreement.

WHEREAS, GE Bank is the owner of the GE/Macy's Accounts and desires to retain GE Capital to provide the GE Capital Services, with respect thereto;

WHEREAS, FDS Bank is the owner of the FDS/Macy's Accounts and simultaneously herewith GE Capital is entering into the GE Capital Services Agreement pursuant to which it will provide the GE Capital Services to FDS Bank with respect to the FDS/Macy's Accounts and certain other accounts owned by FDS (collectively, the "FDS Serviced Accounts");

WHEREAS, GE Capital, FDS, GE Bank and FDS Bank desire that GE Capital provide the GE Capital Services with respect to the FDS/Macy's Accounts on substantially the same terms and conditions that it provides the GE Capital Services with respect to the GE/Macy's Accounts;

WHEREAS, FDS Bank and GE Bank wish to facilitate generally uniform treatment of, and performance by, the GE/Macy's Accounts and the FDS/Macy's Accounts by utilizing common systems and software for the servicing of all such accounts;

WHEREAS, in furtherance of the foregoing, GE Capital and GE Bank are entering into this Agreement for purposes of setting forth the terms and conditions that will govern the provision of certain services by GE Capital to GE Bank.

NOW, THEREFORE, in consideration of the terms and mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Rider X

* Confidential portions of this Exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

ARTICLE 1
DEFINITIONS

1.1 Definitions

. When used in this Agreement, the following capitalized terms shall have the meaning specified below:

"Agreement" means this GE Capital/GE Bank Credit Services Agreement as it may be amended, modified or restated from time to time.

"FDS Information" means data with respect to GE/Macy's

Accounts transmitted by computer to GE Capital.

"FDS Information Condition" means, with respect to any FDS Information, that (i) such information is received by GE Capital at a time which allows GE Capital to perform the GE Capital Services as required hereby, (ii) such information is complete and accurate and (iii) such information is in a form that is readily usable by the GE Credit System.

"GE Bank Event of Default" has the meaning given to it in Section 8.3.

"GE Capital Event of Default" has the meaning given to it in Section 8.1.

"GE Capital Services" means the services required to be provided by GE Capital hereunder with respect to the GE/Macy's Accounts as described in Article 3 hereof and in Section I of Exhibit A hereto.

"GE Credit System" means the mainframe computer system and GE Credit Software developed, owned and utilized by GE Capital to provide credit processing services, as the same may be modified, enhanced or replaced from time to time after the date hereof.

"Material Adverse Effect" means any material adverse change in the quality or financial condition of the GE/Macy's Accounts, taken as a whole.

"Program Agreement" means the Amended and Restated Credit Card Program Agreement, dated as of the date hereof, entered into by and among FDS, FDS Bank, GE Bank and the other parties thereto as it may be amended, modified or restated from time to time.

"Service Fees" means the fees payable by GE Bank for the GE Capital Services, as specified in Article 3.

"Service Standards" means the minimum service performance levels at which the GE Capital Services are required to be provided hereunder, as specified in Section II of Exhibit A.

"Term" has the meaning given to it in Section 2.1 hereof.

1.2. General

. Except as the context may otherwise require, (i) words of any gender include the other gender, (ii) words using the singular or plural number also include the plural or singular number, respectively, (iii) the terms "hereof", "herein", "hereby", and any derivative or similar words refer to this entire Agreement, and (iv) the term "including" means "including, but not limited to". Whenever this Agreement refers to a number of days or months, such number shall refer to calendar days or months unless otherwise specified. The Exhibits and Schedules attached hereto are incorporated herein by this reference and constitute a part of this Agreement.

ARTICLE 2 TERM

2.1 Term

. The term of this Agreement shall commence on the date hereof and expire simultaneously with the termination of the Program Agreement, unless sooner terminated as provided herein (the "Term"), provided that following termination of this Agreement GE Bank shall have the right to require GE Capital to continue providing all or a portion of the GE Capital Services for up to six (6) months after termination pursuant to the

provisions of Section 8.6.

ARTICLE 3 CREDIT SERVICES

3.1 Appointment of GE Capital

. GE Capital hereby accepts appointment, as the agent of GE Bank, for providing the GE Capital Services with respect to the GE/Macy's Accounts. The parties hereby acknowledge and agree that notwithstanding any other provisions of this Agreement to the contrary, all obligations of GE Capital to perform the GE Capital Services shall be subject to the prior satisfaction of the FDS Information Condition.

3.2 GE Capital Services

. GE Capital shall provide the GE Capital Services and shall comply with the Credit and Collection Policy and the FACS License (as defined in the FACS Services Agreement) in providing the GE Capital Services. In providing the GE Capital Services, GE Capital will use the FACS Credit System which has been licensed to GE Capital pursuant to the FACS Services Agreement. In this regard, GE Capital agrees to be bound by and to comply with the terms and conditions of the Program Agreement, including, without limitation, Sections 4.4 and 4.5. GE Capital shall operate credit operations and facilities in a high quality, ethical manner, in such a way as not to disparage or embarrass GE Bank or its name, and with a level of service to the holders of GE/Macy's Accounts that is not less than the level of service provided to (i) the holders of GE/Macy's Accounts by GE Capital prior to the date hereof and (ii) the holders of FDS/Macy's Accounts pursuant to the GE Capital Services Agreement. The GE Capital Services provided to the GE/Macy's Accounts shall be of the same type, quality and nature as, and implemented and executed in the same manner as, the services provided by GE Capital to FDS Bank with respect to the FDS/Macy's Accounts, except to the extent such services may differ due to changes to the Credit and Collection Policy applicable to only the GE/Macy's Accounts or FDS/Macy's Accounts pursuant to the provisions of Sections 4.4 or 4.5 of the Program Agreement.

3.3 Service Standards.

GE Capital shall use its best efforts to (i) design systems to achieve, (ii) employ qualified personnel to meet, and (iii) otherwise satisfy on average (determined with respect to each FDS full fiscal quarter commencing after the completion of the relevant conversion of services) the Service Standards.

3.4 Service Fees.

(a) Postage. GE Bank shall reimburse GE Capital for all postage costs incurred in providing the GE Capital Services in such manner as agreed upon by the parties.

(b) Service Fees. No later than ten (10) days after the beginning of each month during the Term, GE Capital shall deliver an invoice to GE Bank (with a copy to FACS) setting forth in reasonable detail the aggregate amount of Service Fees to be paid by GE Bank for the GE Capital Services rendered in the immediately preceding month. The amount of such fees shall be calculated in accordance with Schedule 3.4(b). GE Bank shall pay to GE Capital, within ten (10) days after receipt of each such statement, the full amount set forth thereon. Any disputes with respect to any invoice delivered pursuant to Section 3.4(a) or 3.4(b) shall be resolved in accordance with the procedures described in Section 9.9 of the Program Agreement.

(c) Inventory. The parties hereby agree that, in addition to the Service Fees payable pursuant to Section 3.4(b), all paper, envelopes and plastic required for production and mailing of billing statements and credit cards with respect to

the GE/Macy's Accounts will either (i) be purchased by GE Capital in consultation with GE Bank, in which case GE Capital will invoice GE Bank (with a copy to FACS) directly for such purchases and GE Bank will pay GE Capital for such invoices (including shipping and taxes), or (ii) be purchased by GE Bank in consultation with GE Capital at GE Bank's sole cost and expense, provided that material qualities and quantities must be reasonably satisfactory to GE Capital.

(d) Adjustments. The parties hereto acknowledge and agree that the Service Fees are intended to provide GE Capital with payment for its actual costs of performing the GE Capital Services. The parties agree to take all commercially reasonable efforts, and to cooperate in all commercially reasonable respects (in each case taking into consideration their respective businesses and operations as a whole) to minimize such costs. On each six-month anniversary of the date hereof or at any time that the provision of the GE Capital Services requires a material variation from the assumptions set forth on Schedule 3.4(b), either GE Capital or GE Bank may, if it believes that the fees set forth on Schedule 3.4(b) have resulted in GE Capital receiving Services Fees for the immediately prior six-month period in an amount either more or less than its actual costs for providing the GE Capital Services for such period, deliver a written notice to the other party requesting that the other party meet to discuss making appropriate modifications to Schedule 3.4(b). Any such modifications would be intended to assure that for the next six-month period GE Capital receives Service Fees equal to its cost of providing the GE Capital Services for such period, as adjusted to reflect the amount by which the Service Fees received by GE Capital for the immediately prior six-month period were more or less than the amount of GE Capital's actual costs of providing the GE Capital Services for such period. If one party delivers a notice to the other party pursuant to this Section 3.4(d) and either the other party refuses to meet to discuss modifying Schedule 3.4(b) or the parties are unable to agree on modifications to Schedule 3.4(b) within twenty (20) days after delivery of such notice, then the notifying party may cause the dispute to be resolved in accordance with the procedures described in Section 9.9 of the Program Agreement. Any Person chosen to resolve such dispute pursuant to Section 9.9 of the Program Agreement shall approve any proposed increase in the fees on Schedule 3.4(b) (i) to the extent such proposed increase reflects an actual increase in costs of performing the GE Capital Services and (ii) to the extent such proposed increase is reasonable based on, among other things, historical costs and the impact of inflation on such costs.

3.5 Compliance with Law

. GE Capital shall implement and execute the Credit and Collection Policy in compliance with all requirements of applicable Law and shall perform the GE Capital Services in compliance with all requirements of applicable Law, except, in either case, to the extent a failure of GE Capital to so implement, execute and perform in compliance with applicable Law is due solely to the failure of the FDS Information Condition to be satisfied.

3.6 Cooperation

. GE Capital agrees to cooperate with GE Bank in resolving all disputes with GE/Macy's Account Debtors.

3.7 Payment Processing

. The parties intend that in addition to the GE Capital Services provided hereunder, GE Capital shall provide payment processing services as described and subject to the Service Standards set forth in Exhibit A with respect to the GE/Macy's Accounts. In this regard, the parties agree that the fees payable for such services by GE Bank to GE Capital will be the same as the fees paid by FDS Bank with respect to the FDS

Serviced Accounts for such services, which are being negotiated as of the date hereof. Until such negotiation results in an agreement, the fees payable by GE Bank to GE Capital shall be expenses of the Program as specified in the budget for the Interim Period and as part of each budget prepared pursuant to Article V of the Program Agreement.

ARTICLE 4
[Intentionally Omitted]

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Mutual Representations and Warranties

. Each party to this Agreement represents and warrants to the other party on the date hereof and on each date that GE Capital provides any of the GE Capital Services hereunder that:

(i) Such party (A) is duly organized, validly existing, and in good standing under the laws of the jurisdiction of its organization; (B) is duly qualified and in good standing under the laws of each jurisdiction where its ownership or lease of property or the conduct of its business requires such qualifications, except (x) in the case of GE Capital, where failure to be so qualified would not have a Material Adverse Effect or a material adverse effect on the ability of GE Capital to perform its obligations pursuant to the terms of this Agreement and (y) in the case of GE Bank, where failure to be so qualified would not have a material adverse effect on their ability to perform their obligations hereunder; (C) has the requisite power and authority and the legal right to own, pledge, mortgage, and operate its properties, to lease the properties it operates under lease, and to conduct its business as now conducted and hereafter contemplated to be conducted; (D) has all necessary licenses, permits, consents, or approvals from or by, and has made all necessary notices to, all authorities having jurisdiction, to the extent required for such current ownership and operation or as proposed to be conducted, except (x) in the case of GE Capital, where failure to obtain such license, consent, permit or approval, or to give such notice would not have a Material Adverse Effect or a material adverse effect on the ability of GE Capital to perform its obligations pursuant to the terms of this Agreement and (y) in the case of GE Bank, where the failure to obtain such license, consent, permit or approval or to give such notice would not have a material adverse effect on their ability to perform their obligations hereunder; and (E) is in compliance with its certificate of incorporation and by-laws.

(ii) The execution, delivery, and performance of this Agreement and all instruments and documents to be delivered hereunder: (A) are within such party's power; (B) have been duly authorized by all necessary or proper action of such party; (C) do not and will not contravene any provisions of such party's certificate of incorporation or by-laws; (D) will not violate any law or regulation or any order or decree of any court or governmental instrumentality applicable to such party; (E) will not conflict with or result in the breach of, or constitute a default under any indenture, mortgage, deed of trust, lease, agreement, or other instrument to which such party is a party or by which any of its property is bound; and (F) do not require any filing or registration with or the consent or approval of any governmental body, agency, authority, or any other person which has not been made or obtained previously. Each party to this Agreement further represents and warrants that this Agreement has been duly executed and delivered by, and constitutes a legal, valid, and binding obligation of such party, enforceable against it in accordance with its terms, subject to the extent that enforceability may be limited by applicable bankruptcy, reorganization, insolvency, moratorium and other laws affecting creditors' rights generally from time to time in effect and to the availability of equitable remedies.

5.2. Representations and Warranties of GE Capital

. GE Capital represents and warrants to GE Bank on the date hereof and on each date that GE Capital provides any of the GE Capital Services hereunder that:

(i) GE Capital (A) has all of the necessary facilities, equipment and personnel to provide the GE Capital Services in accordance with the terms of this Agreement; and (B) has and shall maintain disaster recovery procedures and systems with respect to the GE/Macy's Accounts satisfactory to GE Bank and at least comparable to those maintained on the date hereof for the GE/Macy's Accounts.

(ii) GE Capital is Solvent.

(iii) GE Capital is not in default with respect to any material contract, agreement, lease, or other instrument to which it is a party, nor has it received any notice of default under any such material contract, agreement, lease or other instrument which as a consequence of any such default, would materially and adversely affect the performance of its obligations under this Agreement.

(iv) No contract, lease, agreement, or other instrument to which GE Capital is a party or by which it is bound, and no provision of applicable Law, materially and adversely affects the business, operation, prospects, property, or financial condition of GE Capital such as to impair its ability to meet its obligations under this Agreement.

ARTICLE 6 CONFIDENTIALITY

6.1 Trade Secrets and Confidential Information

. GE Capital, on the one hand, and GE Bank, on the other, acknowledge that in the course of performance hereunder, each of them and/or their respective Affiliates may receive the trade secrets and confidential information of the other.

(a) Trade Secrets. As used herein, "trade secrets" shall mean information including or containing technical or non-technical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, or a list of actual or potential customers or suppliers that (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

(b) Confidential Information. As used herein, "confidential information" shall mean information including data, as to operation, use, prices, sales, vendors, customer lists, customer information, account information, business plans or administrative, financial or marketing plans, that is competitively sensitive and not generally known by or made available to the public, or that are treated as confidential by the owner thereof but that does not rise to the level of a trade secret under applicable law.

6.2 Non-Disclosure Obligations

. GE Capital, on the one hand, and GE Bank, on the other, acknowledge that the confidentiality of the trade secrets and the confidential information of the other is necessary and, except as provided in Section 6.3, agree at all times, during and after the Term, not to use, communicate, publish, disclose or disseminate, directly or indirectly, any trade secrets or confidential information of the other for any purpose except for

the purpose of performing in accordance with this Agreement. In the event any information can be treated as both trade secrets and confidential information, such information shall be treated as trade secrets for purposes of this Agreement. Each party shall use the same care to prevent disclosure to third parties of the trade secrets and confidential information of the other as it employs to avoid disclosure, publication or dissemination of its own information of a similar nature. The parties agree that, in addition to any other remedies which may be available at law or in equity, each party shall have the right to obtain injunctive relief to restrain a breach or threatened breach, or otherwise obtain specific performance of, the other party's covenants and agreements in this Section 6.2.

6.3 Permitted Disclosure

. Notwithstanding the foregoing, a receiving party may disclose some or all of the trade secrets and confidential information of the other party which are:

(i) required to be disclosed by law or order of court or governmental agency applicable to the receiving party, provided that the receiving party shall give prompt notice to the other party of any request for such disclosure so that the other party may seek a protective order or other appropriate remedy, and notwithstanding any such disclosure, such disclosed trade secrets or confidential information shall remain confidential and otherwise subject to the provisions of Article 6;

(ii) generally known and available in the public domain, or become part of the public domain through no violation of any confidentiality provisions of this Agreement; or

(iii) developed by the recipient or its representatives independently of such information or trade secrets.

6.4 Use of Trade Secrets or Confidential Information

. Neither GE Capital nor GE Bank may:

(i) acquire any right in or assert any lien against the trade secrets or confidential information of the other; or

(ii) refuse to return promptly upon the reasonable request of the other as permitted herein any confidential information or trade secrets of the other that it may have in its possession.

ARTICLE 7 INDEMNIFICATION

7.1 Indemnification.

(a) Indemnification by GE Capital. GE Capital shall indemnify, defend and hold harmless GE Bank and each of its Affiliates and the officers, directors, employees, agents, shareholders, successors and assigns of GE Bank and each of its Affiliates ("GE Bank") from and against any and all claims, actions, damages, losses, liabilities, costs and expenses, including reasonable attorneys' fees and expenses (collectively, "Damages") caused by, relating to or arising out of (i) the failure of any representation or warranty of GE Capital hereunder to be true and correct in any material respect when made or remade; (ii) the breach by GE Capital or any of its Affiliates of any of their covenants or agreements hereunder; (iii) any act or omission by GE Capital or its Affiliates, employees or agents in performing, implementing and/or executing the GE Capital Services and the Credit and Collection Policy, except to the extent (x) the Credit and Collection Policy specifically describes how such act should be implemented and GE Capital implemented such act in

conformity with such description (other than modifications to the Credit and Collection Policy (including the Major Credit and Collection Policies) made by FDS without the approval of the Policy Committee pursuant to Section 4.4 of the Program Agreement) or (y) any such performance, implementation or execution was effected in accordance with specific written instructions from an Authorized GE Person or (z) the Damages arising out of such act or omission are due solely to the failure of the FDS Information Condition to be satisfied; (iv) any acts or omissions of GE Bank, its employees or any of its agents taken at the specific written request of a senior manager of GE Capital Retailer Financial Services, and (v) notwithstanding the provisions of Section 7.1(a)(iii) hereof, any judgmental decisions (i.e., any determination or decision made which is not specifically dictated by the Credit and Collection Policy) effected by GE Capital or its employees or agents in effecting the GE Capital Services.

(b) Indemnification by GE Bank. GE Bank shall indemnify, defend and hold harmless GE Capital and its Affiliates and the officers, directors, employees, agents, shareholders, successors and assigns of GE Capital and each of its Affiliates from and against any and all Damages caused by, relating to or arising out of (i) the breach by GE Bank of any of its covenants or agreements hereunder; (ii) the failure of any representation or warranty of GE Bank hereunder to be true and correct in any material respect when made or remade; and (iii) any act or omission by GE Capital or its employees or agents in performing, implementing and/or executing the GE Capital Services and the Credit and Collection Policy effected in accordance with specific written instructions from an Authorized GE Person.

7.2 Conduct of Litigation

. In the event a claim or judicial action is brought or threatened against an indemnified party with respect to matters covered by Section 7.1, the indemnifying party shall have the sole right to defend such claim or action at its expense and to control the defense and settlement thereof, provided, that the indemnified party shall have the right to participate in such defense and negotiations using counsel at its own expense and the indemnifying party shall obtain the indemnified party's consent, prior to entering into a settlement, consent decree, compromise or consenting to any injunctive relief with respect to such claim or action. Any indemnified party shall provide prompt notice to the indemnifying party of any claims for which the indemnified party intends to seek indemnification for hereunder, provided that the failure to provide such notice shall not affect the obligations of the indemnifying party except to the extent such failure causes actual harm to the indemnified party.

ARTICLE 8 DEFAULT; REMEDIES

8.1 GE Capital Events of Default

. It shall be a "GE Capital Event of Default" if any of the events set forth below shall occur and be continuing and remain unremedied prior to the expiration of the specified period.

(a) Service Standards Default. If GE Capital shall consistently fail to perform its obligations under Section 3.3, and such consistent failure to perform shall (i) have a Material Adverse Effect or a material adverse effect on the Program, and (ii) remain unremedied for a period of seventy-five (75) days after delivery of written notice thereof by GE Bank to GE Capital.

(b) Credit and Collection Policy Defaults.

(i) If GE Capital shall fail to perform the GE Capital Services in accordance with any provision of the

Credit and Collection Policy where such failure results in a violation of applicable Law, and such failure is not remedied within seven (7) days after delivery of written notice thereof by GE Bank to GE Capital, provided that if, notwithstanding GE Capital's diligent, best efforts to cause its employees and agents to perform the GE Capital Services so as not to violate applicable Law, certain employees or agents have failed to so perform the GE Capital Services, the time period set forth in this Section 8.1(b)(i) shall be extended, but not by more than an additional ten (10) days, as long as GE Capital continues to use its diligent, best efforts to remedy such failure.

(ii) If GE Capital shall fail to perform the GE Capital Services in accordance with any provision of the Credit and Collection Policy where such failure does not result in a violation of applicable Law, and such failure (x) has a Material Adverse Effect and (y) is not remedied within thirty (30) days after delivery of written notice thereof by GE Bank to GE Capital.

(iii) If GE Capital shall consistently fail to perform any of the GE Capital Services in accordance with any provision of the Credit and Collection Policy where such failure does not result in a violation of applicable Law and does not have a Material Adverse Effect, and is not remedied within seventy-five (75) days after delivery of written notice thereof by GE Bank to GE Capital; provided that each of the time periods in this Section 8.1(b) shall be extended, but not by more than 60 days, so long as GE Capital is using its diligent, best efforts to remedy such failure in the event that (x) the provision of the Credit and Collection Policy that GE Capital has failed to perform is a provision of the Credit and Collection Policy which has been modified pursuant to Section 4.4 of the Program Agreement and (y) the reason GE Capital has been unable to so perform is because the GE Credit System requires modifications in order to implement such modified provision of the Credit and Collection Policy.

(c) Credit Systems Default. If GE Capital shall fail to perform all or substantially all of the GE Capital Services for a period of seven (7) consecutive days due to a failure of the GE Credit System or otherwise.

(d) Breach of Agreement. If GE Capital shall breach any of its obligations under this Agreement or any of its representations and warranties under this Agreement (other than obligations, representations or warranties the breach of which is otherwise addressed in this Section 8.1) and such breach has a Material Adverse Effect and is not cured within thirty (30) days after delivery of written notice thereof by GE Bank to GE Capital.

(e) Bankruptcy. If an Event of Bankruptcy shall have occurred with respect to GE Capital.

(f) Material Adverse Change. If there shall have been a material adverse change to the business, financial condition, or operations of GE Capital which change has a material adverse effect on its ability to fulfill its obligations hereunder pursuant to the terms hereof.

8.2 GE Bank Remedies

. Subject to the provisions of Section 8.7, upon the occurrence of a GE Capital Event of Default, GE Bank may, in addition to any other remedies it may have at law or equity, terminate this Agreement by delivering a written notice of termination to GE Capital.

8.3 GE Bank Events of Default

. It shall be a "GE Bank Event of Default" if any of the events set forth below shall occur and be continuing and

remain unremedied prior to the expiration of the specified period.

(a) Breach of Agreement. If GE Bank shall breach in any material respect any of its obligations under this Agreement or any of their representations and warranties under this Agreement (other than obligations, representations and warranties the breach of which is otherwise addressed in this Section 8.3), and fail to cure such breach within thirty (30) days after delivery of written notice thereof by GE Capital to GE Bank.

(b) Bankruptcy. If an Event of Bankruptcy shall have occurred with respect to GE Bank.

8.4 GE Capital Remedies

. Upon the occurrence of a GE Bank Event of Default, GE Capital may, in addition to any other remedies it may have at law or equity, terminate this Agreement by delivering a written notice of termination to GE Bank.

8.5 Excuse For Non-Performance

. In the event one party (the "Performing Party") is unable to comply with or perform any of its obligations hereunder solely due to (i) the other party (the "Non-Performing Party") failing to perform its obligations hereunder or under any Transaction Document or (ii) the quality, nature, timeliness, completeness or accuracy of any goods, services or data provided by the Non-Performing Party to the Performing Party, the Performing Party shall be excused from such performance (and no event of default shall be deemed to have occurred) provided that the Performing Party shall (a) notify the Non-Performing Party as soon as practicable describing the default and explaining how the Performing Party's performance has been affected; (b) use reasonable efforts to mitigate the effect of the Non-Performing Party's failure; and (c) perform its obligations hereunder to the extent reasonably practicable. Both parties shall use diligent, uninterrupted efforts to cure the failure and eliminate the effects thereof.

8.6 Post-Termination Procedures

. Upon termination or expiration for any reason of this Agreement, the parties shall comply with their respective post-termination obligations, if any, as set forth below:

(a) Payments. Except as may be expressly provided otherwise herein, within ten (10) business days after the effective date of termination of this Agreement, each party shall pay the other party any amounts that as of that effective date were due and owed thereto pursuant to this Agreement.

(b) Extended Servicing. GE Bank may cease to receive GE Capital Services hereunder from and after the effective date of termination, provided that GE Bank may elect to require GE Capital to continue to provide all or a portion of the GE Capital Services to the GE/Macy's Accounts for up to a maximum of six (6) months following the effective date of termination. In the event of an election by GE Bank to receive GE Capital Services, GE Capital shall provide GE Capital Services as described herein subject to payment by GE Bank of the applicable Services Fees then in effect.

8.7 Special Provisions.

In the event of a GE Capital Event of Default pursuant to the provisions of Section 8.1, GE Bank may terminate the Agreement with respect to any one of the GE Capital Services only at such time as GE Bank's designee is Deemed Prepared to perform any one of such GE Capital Services. If GE Bank's designee is not Deemed Prepared to perform any of the GE Capital

Services by the later of (i) six (6) months after the effective date of termination and (ii) the date that a GE Capital Event of Default with respect to such GE Capital Services no longer exists, then GE Bank shall lose its right to perform the GE Capital Services for which it is not so Deemed Prepared. In the event of a subsequent GE Capital Event of Default pursuant to the provisions of Section 8.1, the provisions of this Section 8.7 shall again be applicable.

"Deemed Prepared" means, with respect to any one of the GE Capital Services, either (i) GE Capital and GE Bank have agreed that GE Bank's designee is reasonably well prepared to perform such services or (ii) an arbitrator, selected at the request of GE Bank by the President of the AAA, has determined what steps GE Bank's designee must take to be reasonably well prepared to perform such services at a level at least as high as GE Capital is required to perform hereunder and GE Bank's designee has taken such steps.

ARTICLE 9 MISCELLANEOUS

9.1 Governing Law; Jurisdiction

. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to its rules governing conflicts of law.

9.2 Audit and Access Rights

. GE Bank shall have all such rights to access the premises of GE Capital, the GE Credit System and audit the records of GE Capital as may be necessary or desirable to permit GE Bank to fulfill all of its responsibilities, and exercise all of its rights, hereunder and under the Transaction Documents. Without limiting the generality of the foregoing, GE Capital shall permit GE Bank and its designees, officers, employees, attorneys, accountants and/or other representatives during normal business hours with reasonable advance notice, in such a manner as to minimize interference with the normal business operations of GE Capital (i) to observe, monitor and obtain information regarding the GE/Macy's Accounts and to observe and monitor the implementation by GE Capital personnel of the Credit and Collection Policy, (ii) to observe whether the GE Capital Services and the Credit and Collection Policy are being applied consistently between the GE/Macy's Accounts and the FDS/Macy's Accounts and in compliance with the provisions of the Program Agreement and (iii) to examine, audit, inspect, copy and make copies of all of the data, records, files, and books of account under the control of GE Capital (whether received on computer, electromagnetic storage vehicles, paper, film or other medium) and relating strictly to the GE/Macy's Accounts and to the back-up documentation relating to the reports provided hereunder by GE Capital to GE Bank. The costs and expenses of any exercise by GE Bank of its rights hereunder shall be expenses of the Program to the extent such costs and expenses are included in the Operating Expense Budget for the applicable Period in which such costs and expenses were incurred. Notwithstanding any other provision of this Agreement, GE Bank shall not have any access or audit rights with respect to any information in the possession of GE Capital regarding services provided by GE Capital to any non-affiliated third party other than the FDS Parties. Employees of GE Capital shall be permitted to be present during the exercise by GE Bank of any of its audit and access rights under this Section 9.2.

9.3 Entire Agreement; Amendments; Waivers

. This Agreement contains the entire agreement of the parties hereto as to the subject matter discussed herein. Any amendment to or modification of this Agreement must be in writing and executed by authorized officers of GE Capital and GE Bank. No waiver by either party of any right or power it has under this

Agreement shall impair or be construed as a further waiver of such right or power. To be effective, all waivers must be in writing and signed by the party waiving its rights.

9.4 Assignability

. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither GE Capital, on the one hand, nor GE Bank, on the other, may assign their rights or obligations hereunder without the prior consent of the other, except that (i) in the case of a proposed assignment by GE Capital to an Affiliate, such consent shall not be unreasonably withheld, provided that in connection with any such assignment GE Capital delivers to the FDS Companies instruments reasonably satisfactory to the FDS Companies pursuant to which the terms of the GE Capital Guaranty will be extended to the Agreement and (ii) in the case of a proposed assignment by GE Bank, such consent shall not be unreasonably withheld.

9.5 Relationship of Parties

. In performing under this Agreement, the parties are acting as independent contractors and this Agreement shall not be construed as providing either party with the right, power or authority to impose any duty or obligation on the other except as expressly provided herein.

9.6 Survival

. The provisions of Article 6, Article 7, and Sections 8.6 and 9.2 of this Agreement shall survive a termination or expiration of this Agreement.

9.7 Third Party Beneficiaries

. Nothing herein shall create or be deemed to create any third party beneficiary rights in any Person not a party to this Agreement except (i) as expressly provided with respect to indemnification rights in Article 7 and (ii) that FDS is an intended third party beneficiary hereof such that, among other things, no amendment to this Agreement shall be effective without the consent of FDS (other than amendments that would not have an adverse effect on the rights or obligations of GE Capital, GE Bank or FDS) and FDS shall have the right to enforce the obligations of GE Capital hereunder.

9.8 Notices

. Any notice or other communication required or otherwise provided for under this Agreement shall be in writing and shall be deemed given when delivered by hand or by courier or express mail or by registered or certified United States mail, return receipt requested, postage prepaid, or by facsimile if receipt is acknowledged (except that a notice of termination or breach shall not be sent by facsimile) and shall be addressed as follows:

In the case of GE Bank:

GE Capital Consumer Card Co.
5300 Kings Island Drive
Mason, OH 45040
Attn: Secretary
Fax: (513) 459-6888

with copies to:

General Electric Capital Corporation
1600 Summer Street
Stamford, CT 06905
Attn: Counsel, Retailer Financial Services
Fax: (203) 357-3353

and

Federated Department Stores, Inc.
7 West Seventh Street
Cincinnati, OH 45202
Attn: Law Department
Fax: (513) 579-7897

and

FACS Group, Inc.
9111 Duke Blvd.
Mason, OH 45050
Attn: Senior Vice President
Fax: (513) 573-2039

In the case of GE Capital:

General Electric Capital Corporation
5665 New Forsyth Road
Macon, Georgia 31210
Fax: (912) 471-5014
Attn: Senior Vice President - Retailer Financial Services

with copies to:

General Electric Capital Corporation
1600 Summer Street
Stamford, CT 06905
Attn: Counsel, Retailer Financial Services
Fax: (203) 357-3353

and

Macy's Credit Services
4605 Duke Drive
Mason, OH 45040
Attn: Executive Vice President
Fax: (513) 573-3251

Either party hereto may, from time to time, change its address or designated recipient for notification purposes by giving the other party notice thereof and the date upon which it shall become effective.

9.9 Designees

. [OMISSION].

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

GENERAL ELECTRIC CAPITAL
CORPORATION

By: /s/ Richard A. Hayes
Name: Richard A. Hayes
Title: Senior Vice President
Retailer Financial Services

GE CAPITAL CONSUMER CARD CO.

By: /s/ Kevin Knight
Name: Kevin Knight
Title: Executive Vice President

GE CAPITAL SERVICES TO GE BANK

General. All of the GE Capital Services described hereafter shall be provided by GE Capital (i) in accordance with, and as more fully described in, the then applicable Credit and Collection Policy and (ii) without limiting GE Bank's rights or altering the obligations of GE Bank under the Program Agreement including pursuant to Section 4.4 of the Program Agreement.

I. GE CAPITAL SERVICES

1. Billing Statement Production

1.1. Provide billing statement processing services as described below and in accordance with the technical specifications and billing cycle timeframes established between GE Capital and GE Bank.

- (i) Receive and process the electronic periodic billing statement file.
- (ii) Trim, burst and fold all periodic billing statements.
- (iii) Insert all periodic billing statements as described in Section 2.2 below.
- (iv) Place required postage on all periodic billing statement envelopes.
- (v) Presort all qualified mail.
- (vi) Seal and deliver all periodic billing statement envelopes to US Postal Service.

2. Billing Statement Mailing

2.1. Mail periodic billing statements, except those periodic billing statements otherwise agreed to by GE Bank, within the timeframe established in Section II of this Exhibit A.

2.2. Insert marketing material approved by GE Bank and received by GE Capital in usable form that conforms to materials specifications of GE Capital into the designated periodic billing statements. The inserts are to be distributed within the periodic billing statement in the following order:

- (i) First, any inserts or messages that GE Bank, in its sole judgment, determines are required by Law to be included in a periodic billing statement shall be included and shall have priority over all other inserts and messages;
- (ii) Second, any inserts or messages that any FDS Company is contractually required to include in a periodic billing statement shall be included;
- (iii) Third, any inserts or messages that FDS, in its sole discretion, determines should be included in a periodic billing statement shall be included; and
- (iv) Fourth, any inserts or messages with respect to programs approved by FDS and GE Bank for inclusion in a periodic billing statement shall be included.

- 2.3. Mail periodic billing statements within the timeframe required by Regulation Z.
- 2.4. Exercise reasonable quality control review of periodic billing statements.
- 2.5. In the event of any material disruption in periodic billing statement services, GE Capital will use commercially reasonable efforts to notify GE Bank and FACS of such disruption on the same business day, and, in any event will provide notice as promptly as practicable.
- 2.6. Provide the following reporting for the periodic billing statement services:
 - (i) Daily statement status report by Division of cycles billed, mailed and quantity.
 - (ii) Monthly inventory report for all supplies.
 - (iii) Monthly statement analysis report of mailings by Division with associated costs and breakdown.
- 2.7. Notwithstanding the above, GE Capital will also be responsible for inventory control, warehousing of the periodic billing statements and associated materials.

3. Credit Card Production

- 3.1. GE Capital will emboss and encode GE/Macy's Credit Cards as described below and in accordance with the technical specifications and credit card production schedules established between GE Capital and FACS.
 - (i) Receive and process the electronic Credit Card file.
 - (ii) Emboss two (2) lines of data unless otherwise specified.
 - (iii) Magnetically encode the cards.
 - (iv) Print the customer information on the Credit Card card carrier form.
 - (v) Data match the Credit Cards and the Credit Card card carriers.
 - (vi) Insert as described in Section 4.2 below.
 - (vii) Trim, burst and fold the Credit Card card carriers.
 - (viii) Insert the Credit Card card carriers into the Credit Card card carrier envelopes.
 - (ix) Place required postage on the Credit Card card carrier envelopes.
 - (x) Seal and deliver all Credit Card card carrier envelopes to US Postal Service.
- 3.2. GE/Macy's Credit Cards shall be in the design and format jointly established by FACS and GE Bank and shall include the Macy's Tradename.

4. Credit Card Mailing

4.1. Mail Credit Cards within the timeframe established in Section II of this Exhibit A.

4.2. Insert GE Bank approved marketing material that conforms to materials specifications of GE Capital into the envelope carrying the designated Credit Card card carrier. The inserts are to be included with the Credit Card card carrier in the following order:

- (i) First, any inserts or messages that GE Bank, in its sole judgment, determines are required by Law to be included in a Credit Card card carrier shall be included and shall have priority over all other inserts and messages;
- (ii) Second, any inserts or messages that any FDS Company is contractually required to include in a Credit Card card carrier shall be included;
- (iii) Third, any inserts or messages that FDS, in its sole discretion, determines should be included in a Credit Card card carrier shall be included; and
- (iv) Fourth, any inserts or messages with respect to programs approved by FDS and GE Bank for inclusion in a Credit Card card carrier shall be included.

4.3. Exercise reasonable quality control review of Credit Cards.

4.4. In the event of any material disruption in credit and production or mailing services, GE Capital will use commercially reasonable efforts to notify GE Bank and FACS of such disruption on the same business day, and, in any event will provide notice as promptly as practicable.

4.5. Provide the following reporting for the Credit Card services:

- (i) Daily Credit Card Status report by Division of cards produced and mailed.
- (ii) Monthly Inventory report for all supplies, including reconciliation of any lost and damaged materials.
- (iii) Monthly Credit Card Inventory report.
- (iv) Monthly Credit Card analysis report of cards embossed and mailed by Division with associated costs and breakdown.

4.6. Notwithstanding the above, GE Capital will also be responsible for inventory control, warehousing of the Credit Cards and associated materials, and providing adequate security for all credit cards and discount coupons.

5. Remittance Processing

5.1. Provide remittance processing services as described below and in accordance with the technical specifications and payment processing production schedules established between GE Capital and FACS.

- (i) Perform lock box services, daily depositing of monetary medium in account(s) designated

by GE Bank, I/O Control, data entry, balancing of payments and forwarding of miscellaneous Cardholder correspondence (including gift certificates) received through the lock box assigned for Cardholder payment remittance.

(ii) Receive payments from a lock box assigned for Cardholder remittances, process payments and forward other customer communications received.

(iii) Retain the original payment remittance for 7 days from the date of receipt.

(iv) All payments shall be dated as of the date received.

(v) Process or handle exceptions as provided by GE Bank. An "Exception" to standard processing occurs when (i) the provided envelope is not used, (ii) the envelope includes anything other than one remittance advice and one check (iii) the payment amount or account number on the check, does not match those on the remittance advice and (iv) GE Capital performs special handling instructions on behalf of GE Bank.

5.2. GE Bank will be responsible for establishing an account for daily deposit of monetary medium received for payment remittances.

5.3. FACS will provide the appropriate system access for performing the account look-up function to the authorized users at GE Capital. The account look-up function is only to be used by GE Capital for processing Cardholder payment remittances when the cardholder account number does not appear on the monetary medium nor the periodic billing statement when the payment remittance is received by GE Capital.

5.4. Provide the following reporting for the Remittance Processing services:

(i) Daily Remittance Processing Status report by Division of payments received (including gift certificates and cash) and exceptions returned to FACS.

II. SERVICE STANDARDS

Services Category	Standard
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(All days are Business Days, measured from but excluding the date inquiry or notice or data is received by GE Capital; all standards expressed are averages calculated over a measurement period of an FDS fiscal quarter).

1. Billing Statement Production	Best efforts to mail within 2 days after receipt by GE Capital of file, and, in any event, mailed not later than 4 business days after receipt by
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GE Capital of FDS Information
that satisfies the FDS
Information Condition.

2. Credit Card Production Mailing Mailed not later than 2 business days after receipt by GE Capital of FDS Information that satisfies the FDS Information Condition (excluding card production and/or mailing in connection with reissuances, prescreen solicitations, or other events which do not relate to applications made at the point of sale in the ordinary course of business).
3. Payment Processing For processing (including depositing to account(s) designated by GE Bank) other than exception processing, best efforts to process within 1 day after receipt by GE Capital, and, in any event, processed not later than 2 business days after receipt by GE Capital of FDS Information that satisfies the FDS Information Condition.

Schedule 3.4(b)

Service Fees

[OMISSION]

Execution Copy

AMENDED AND RESTATED COMMERCIAL ACCOUNTS AGREEMENT *

AMENDED AND RESTATED COMMERCIAL ACCOUNTS AGREEMENT,
dated as of June 4, 1996, by and among GENERAL ELECTRIC CAPITAL
CORPORATION ("GE Capital"), FEDERATED DEPARTMENT STORES, INC.
("FDS"), FDS NATIONAL BANK ("FDS Bank"), MACY'S EAST, INC.
("Macy's East"), MACY'S WEST, INC. ("Macy's West"), BULLOCK'S,
INC. ("Bullock's"), BROADWAY STORES, INC. ("Broadway"), FACS
Group, Inc. ("FACS") and MSS-DELAWARE, INC. ("MSS").

W I T N E S S E T H :

WHEREAS, GE Capital, R.H. Macy & Co., Inc., Macy Credit
Corp., Macy Receivables Funding Corp., Macy's California, Inc.,
Macy's Northeast, Inc., Macy's South, Inc., Bullock's, Inc., I.
Magnin, Inc., Macy Receivables Master Servicing Corp. and Macy
Specialty Stores, Inc. entered into a Commercial Accounts
Agreement, dated as of May 10, 1991 (such agreement, as it has
been amended from time to time, the "Original Agreement"); and

WHEREAS, GE Capital, FDS (as the successor to R.H. Macy
& Co., Inc.), FDS Bank, Macy's East (as the successor to Macy's
Northeast, Inc. and Macy's South, Inc.), Macy's West (as the
successor to Macy's California, Inc.), Bullock's, and the other
parties hereto desire to amend and restate the Original Agreement
in its entirety (other than Article Seven thereof, which shall
continue unamended);

NOW, THEREFORE, in consideration of the terms,
conditions and mutual covenants contained herein, and for other
good and valuable consideration, the receipt and sufficiency of
which is hereby acknowledged, the parties hereto hereby agree as
follows:

Rider X

* Confidential portions of this Exhibit have been omitted
and filed separately with the Securities and Exchange Commission
pursuant to Rule 24b-2 under the Securities Exchange Act of 1934,
as amended.

ARTICLE ONE

DEFINITIONS

1.1. Certain Capitalized Terms

. Capitalized terms used but not otherwise defined

herein have the meanings set forth in the Amended and Restated

Program Agreement.

1.2. Definitions.

As used in this Agreement, the following terms have

the respective meanings set forth below:

"Agreement" means this Amended and Restated Commercial Accounts Agreement, including all amendments, modifications, supplements, exhibits, and schedules hereto, and shall refer to this Agreement as the same may be in effect at the time such reference is operative.

"Amended and Restated Program Agreement" means the Amended and Restated Credit Card Program Agreement, dated as of the date hereof, by and among GE Capital Consumer Card Co. and the FDS Companies, as it may be amended from time to time.

"Authorized Commercial User" means, with respect to any GE/Macy's Commercial Account, any Person authorized from time to time by the relevant Commercial Account Debtor to purchase Merchandise on credit pursuant to such GE/Macy's Commercial Account.

"Commercial Account Agreement" means any credit agreement entered into between GE Capital and a Commercial Account Debtor (or any replacement of such agreement) pursuant to which such Commercial Account Debtor and Authorized Commercial Users may be permitted to purchase Merchandise from any Retailer on credit from time to time, whether or not there is a finance charge computed from time to time, together with any amendments, modifications or supplements which now or hereafter may be made to such Commercial Account Agreement (or any replacement of such agreement) and any replacements thereof.

"Commercial Account Application" means any application for a GE/Macy's Commercial Account completed and submitted (whether by mail, telephone or other electronic means) by or on behalf of any Person or Persons.

"Commercial Account Balance" means, with respect to any GE/Macy's Commercial Account, the outstanding balance of such GE/Macy's Commercial Account at the time of determination, which

shall consist of, without limitation, the sum of (i) the aggregate Face Amount of GE/Macy's Commercial Receivables posted to such GE/Macy's Commercial Account prior to such time and (ii) the aggregate amount of any and all fees and charges posted to such GE/Macy's Commercial Account prior to such time, including, without limitation, interest and finance charges, returned check charges or late charges, insurance premiums and attorneys' fees, minus the aggregate amount of all credits, payments, adjustments, and employee discounts posted to such GE/Macy's Commercial Account prior to such time, provided that the Commercial Account Balance of any of the following accounts shall be zero (whether or not any GE/Macy's Commercial Receivables with respect to such account are included on the Master File at such time): any GE/Macy's Commercial Account where, as of the time of determination, (a) the Commercial Account Debtor has been coded on the Master Files with respect to any prior billing cycle as having filed a petition for relief under the Bankruptcy Code, having made a general assignment for the benefit of creditors, having had filed against it any petition or other application for relief under the Bankruptcy Code, or having suffered a receiver or trustee to be appointed for all or a significant portion of its assets, and under the Credit and Collection Policy such GE/Macy's Commercial Account was required to be written off, but was not written off, (b) such GE/Macy's Commercial Account is 180 days or more past due, (c) such GE/Macy's Commercial Account has been referred to an attorney, collection agency, or other entity for collection and has been written off in accordance with the Credit and Collection Policy, or (d) such GE/Macy's Commercial Account has been written off as uncollectible under the Credit and Collection Policy at any time prior to the time of determination.

"Commercial Accounts Business" means the business of extending credit in connection with the sales of Merchandise on credit by any of the Retailers pursuant to a GE/Macy's Commercial Account, and servicing such credit purchases of Merchandise.

"Commercial Account Debtor List" means all lists of Commercial Account Debtors, including the addresses and phone

numbers of, and other demographic data with respect to, such Commercial Account Debtors, maintained by any of the FDS Companies and/or any Affiliate of any of the FDS Companies.

"Commercial Accounts Program" means the Commercial Accounts Program established by the Original Agreement and continued pursuant to this Agreement.

"Commercial Books and Records" means all books, records, files (including, without limitation, the Commercial Master File), credit information, business records and plans, reports, correspondence, and other financial and corporate data used or held by any of the FDS Companies or any Affiliate of any of the FDS Companies for use in connection with or relating to the Commercial Accounts Business or the Commercial Collateral.

"Commercial Collateral" has the meaning set forth in Section 6.1(a) hereof.

"Commercial Credit Card" means any card issued by any of the FDS Companies, any Affiliate of any of the FDS Companies or by GE Capital, to a Person, which card can be used by such Person only to purchase Merchandise on credit from one or more of the Retailers pursuant to a GE/Macy's Commercial Account.

"Commercial Credit Card Documentation" means, with respect to a GE/Macy's Commercial Account, all of the following items relating to such GE/Macy's Commercial Account: Commercial Account Applications, Commercial Account Agreements, Commercial Credit Cards, credit bureau reports, GE/Macy's Charge Slips, GE/Macy's Credit Slips, periodic billing statements, receipts for in-store payments, adverse action notices and change of terms notices.

"Commercial Intellectual Property" means all shop rights, inventions, discoveries, improvements, designs, patterns, processes, formulae, trade secrets, proprietary rights and data, ideas and know-how, whether or not patentable or registrable, from time to time owned by any of the FDS Companies or any Affiliate of any of the FDS Companies and used or held for use solely in connection with the Commercial Accounts Business.

"Commercial Master File" means, with respect to each

Division on any date, the computer files containing the most recently-posted financial, GE/Macy's Commercial Account status and demographic information with respect to any of such Division's GE/Macy's Commercial Accounts, including, without limitation, active, inactive and recovery GE/Macy's Commercial Accounts, which computer files represent the aggregate amount of Commercial Account Balances on such date, together with corresponding control reports.

"Cut-off Time" means May 9, 1991 at 11:59 p.m., New York City Time.

"GE/Macy's Commercial Account" means any of the following credit accounts owned by GE Capital established at any time (past, present or future) in favor of a Commercial Account Debtor and identified by a unique account number, whether or not established in favor of any particular class of Persons: (a) a non-GE/Macy's Credit-Card accessed credit account, (b) a credit account not used primarily for personal, family or household purposes or uses, (c) a closed-end credit account and (d) any other credit account (in each case in clauses (b), (c) and (d) of this definition, whether or not such credit account is accessed through a GE/Macy's Credit Card). As used in this Agreement, the term "GE/Macy's Commercial Account" includes New Commercial Accounts. Notwithstanding the foregoing, "GE/Macy's Commercial Account" does not include (x) any account generated pursuant to a layaway plan and (y) any GE/Macy's Account.

"Commercial Account Debtor" means any Person who is a party to a Commercial Account Agreement or who is or who may become obligated under, with respect to, or on account of, a GE/Macy's Commercial Account from time to time.

"GE/Macy's Commercial Account Documentation" means, with respect to a GE/Macy's Commercial Account, any and all documentation from time to time relating to such GE/Macy's Commercial Account, including, without limitation, Commercial Credit Card Documentation, checks and stubs, correspondence, memoranda, documents, instruments, certificates, agreements, invoices, sales or shipping slips, delivery and other receipts, magnetic tapes, disks, hardcopy formats, any other computer-

readable data transmissions, and any other records of whatever form or nature, related to any of the foregoing, any other written, electronic or other material related to any of the foregoing, any microfilm, electronic or other copy of any of the foregoing and all other materials, including, without limitation, tangible and intangible information, arising from any of the foregoing or pertaining thereto.

"GE/Macy's Commercial Receivable" means any and all amounts owing from time to time with respect to the purchase of Merchandise on credit pursuant to a GE/Macy's Commercial Account, including, without limitation, any charges for sales tax, regardless of whether such GE/Macy's Commercial Receivable consists of an "account," "chattel paper," an "instrument" or a "general intangible" under and as defined in Article or Division 9 of the UCC applicable to such GE/Macy's Commercial Receivable, and all proceeds of any of the foregoing, together with (a) any and all GE/Macy's Commercial Account Documentation relating to such GE/Macy's Commercial Receivable and any "document" (as defined in the UCC) covering any Merchandise relating to such GE/Macy's Commercial Receivable, (b) any and all rights and remedies as to stoppage-in-transit, reclamation, return and repossession of Merchandise with respect to such GE/Macy's Commercial Receivable, whether arising by Contract or by Law, (c) any and all Merchandise, goods or other property that is security for such GE/Macy's Commercial Receivable or for any item referred to in clause (a), (b), (d), (e) or (f) of this definition, (d) any and all contracts of indemnity, guaranties, sureties, letters of credit, proceeds of insurance claims, security interests, or other direct or indirect security or support held by or granted to any Retailer by any Person to secure payment of such GE/Macy's Commercial Receivable, (e) any and all other rights, remedies, benefits, interests and titles, both legal and equitable, to which any of the FDS Companies or any Affiliate of any of the FDS Companies may at any time (past, present or future) be entitled in respect of any of the foregoing, and (f) any and all proceeds of any of the foregoing.

Each purchase of Merchandise by a GE/Macy's Commercial Account Debtor or an Authorized Commercial User pursuant to a GE/Macy's Commercial Account shall constitute a separate GE/Macy's Commercial Receivable. As used in this Agreement, the term "GE/Macy's Commercial Receivable" includes New Commercial Receivables. Notwithstanding the foregoing, "GE/Macy's Commercial Receivable" does not include (x) any receivable generated pursuant to a layaway plan or (y) any GE/Macy's Receivable.

"New Commercial Accounts" means all GE/Macy's Commercial Accounts originated on or after the date of the Original Agreement.

"New Commercial Receivable" means any GE/Macy's Commercial Receivable arising after the Cut-off Time.

"Transferable Commercial Business Permits" means all Permits (a) that are required in order to carry on the Commercial Accounts Business and to consummate the transactions contemplated by this Agreement and (b) that are transferable to GE Capital.

ARTICLE TWO

REPRESENTATIONS AND WARRANTIES OF FDS COMPANIES

2.1. Amended and Restated Program Agreement

Representations and Warranties

. On the date hereof, and on the date of each

Remittance, the FDS Companies, jointly and severally, hereby make each representation and warranty made by the FDS Companies in Article VI of the Amended and Restated Program Agreement mutatis mutandis with respect to the Commercial Accounts Program. Each such representation and warranty shall survive to the extent provided in the Amended and Restated Program Agreement.

ARTICLE THREE

REPRESENTATIONS AND WARRANTIES OF GE CAPITAL

3.1. Amended and Restated Program Agreement

Representations and Warranties

. On the date hereof and on the date of each

Remittance, GE Capital hereby makes each representation and warranty made by GE Bank in Article Seven of the Amended and Restated Program Agreement mutatis mutandis with respect to the

Commercial Accounts Program. Each such representation and warranty shall survive to the extent provided in the Amended and Restated Program Agreement.

ARTICLE FOUR

INCORPORATION OF PROVISIONS

- 4.1. Amended and Restated Program Agreement
. Unless specifically provided to the contrary in this

Agreement, the terms and provisions applicable to the Program which are contained in the Amended and Restated Program Agreement shall apply mutatis mutandis to the Commercial Accounts Program.

ARTICLE FIVE

OTHER PROVISIONS

- 5.1. Commercial Accounts Remittances
. Notwithstanding any other provision of this

Agreement or Section 3.1 of the Amended and Restated Program Agreement, Remittances with respect to GE/Macy's Commercial Accounts shall not be separated by Divisions.

- 5.2. GE Capital Service Discount
. During the term of this Agreement, the budget and

Monthly Discount in effect on any day shall be included in the budget and Monthly Discount in effect under the Amended and Restated Program Agreement on such date.

- 5.3. Maximum Commercial Amount
. Notwithstanding any other provision of this

Agreement to the contrary or the provisions of Section 3.8 of the Amended and Restated Program Agreement, if (a) the aggregate Commercial Account Balances of GE/Macy's Commercial Accounts established in favor of Persons other than natural persons ("Corporate Accounts") would not exceed \$[OMISSION] or (b) the aggregate Commercial Account Balances of any GE/Macy's Commercial Accounts other than Corporate Accounts ("Other Commercial Accounts") would exceed \$[OMISSION], GE Capital and the FDS Companies shall have all the rights provided in Section 3.8(f) of the Amended and Restated Program Agreement.

- 5.4. Termination
. Notwithstanding any other provision of this

Agreement to the contrary, this Agreement shall automatically

terminate upon the termination of the Amended and Restated Program Agreement pursuant to its terms.

5.5. Indemnification

. (a) The FDS Companies shall indemnify GE Capital with respect to the Commercial Accounts Program pursuant to this Agreement to the same extent, and subject to the same limitations, as the FDS Companies indemnify GE Bank with respect to the Program pursuant to Article X of the Amended and Restated Program Agreement.

(b) In addition to the foregoing, GE Capital shall indemnify the FDS Companies with respect to the Commercial Accounts Program pursuant to this Agreement to the same extent, and subject to the same limitations, as GE Bank indemnifies the FDS Companies with respect to the Program pursuant to Article X of the Amended and Restated Program Agreement.

5.6. Other

. Notwithstanding any other provision of this Agreement to the contrary, (i) the provisions of Article II of the Program Agreement shall not be applicable to the Commercial Accounts Program and (ii) the provisions of Article Seven of the Original Agreement shall remain unchanged and in full force and effect.

5.7. Servicing

. Unless the parties otherwise agree, the GE/Macy's Commercial Accounts shall be serviced pursuant to the terms of the FACS Services Agreement.

5.8. Certain Limitations

. If at any time during the term hereof either (i) the aggregate Commercial Account Balances of GE/Macy's Commercial Accounts equals \$[OMISSION] or (ii) the aggregate account balances of all FDS/Macy's Accounts established in favor of persons other than natural persons ("FDS/Macy's Commercial Accounts") equals \$[OMISSION], then the parties shall negotiate in good faith to agree upon a mutually acceptable manner of sharing volume of GE/Macy's Commercial Accounts and FDS/Macy's Commercial Accounts. Subject to the foregoing, GE Capital may continue to originate new GE/Macy's Commercial Accounts and FDS may continue to originate new FDS/Macy's Commercial Accounts.

ARTICLE SIX

OWNERSHIP OF ACCOUNTS AND RECEIVABLES

6.1. Ownership of GE/Macy's Commercial

Accounts and GE/Macy's Commercial Receivables

. (a) All transactions and borrowings in connection with the GE/Macy's Commercial Accounts and the GE/Macy's Commercial Receivables shall create the relationship of debtor and creditor between each Commercial Account Debtor and GE Capital, respectively, and GE Capital shall be the owner of all the GE/Macy's Commercial Accounts, the GE/Macy's Commercial Receivables, the GE/Macy's Commercial Accounts Documentation, pending Commercial Account Applications, Commercial Books and Records, and the Commercial Account Debtor List and, except as otherwise specifically provided herein, shall have all rights, powers, and privileges with respect thereto as such owner, including, without limitation, the right at any and all times to receive directly payments on GE/Macy's Commercial Accounts from Commercial Account Debtors. In this regard, GE Capital shall bear all risks of collections of GE/Macy's Commercial Receivables (other than as a result of the application of Section 3.5 of the Program Agreement to the GE/Macy's Commercial Accounts). Each FDS Company acknowledges and agrees that it has no right, title or interest in or to (i) any of the GE/Macy's Commercial Accounts or the GE/Macy's Commercial Receivables, or (ii) any payments made by Commercial Account Debtors with respect to the GE/Macy's Accounts or the GE/Macy's Receivables.

(b) GE Capital and the FDS Companies acknowledge that under the Commercial Accounts Program GE Capital extends credit directly to Commercial Account Debtors. However, in the unlikely event it were ever to be determined by a final order of a court of competent jurisdiction that FDS (or the FDS Companies) is deemed to be extending credit directly to Commercial Account Debtors, the FDS Companies and GE Capital acknowledge and agree that GE Capital shall be deemed to be purchasing the receivables created by such arrangements and that GE Capital's remittances pursuant to this Agreement shall be deemed to be payment for the purchase of such receivables and GE Capital shall be deemed to

have purchased such receivables effective when GE Capital incurred the obligation to make payment therefor. In this regard, GE Capital and the FDS Companies agree that, on or before the date of this Agreement, and thereafter from time to time, they will execute and file such financing statements under the UCC as would be necessary and appropriate to protect GE Capital's interest to the same extent as if GE Capital was purchasing such receivables.

ARTICLE SEVEN

GENERAL

7.1. Headings

. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

7.2. Counterparts

. This Agreement may be executed in any number of counterparts, each of which, when executed, shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

7.3. Notices

. All notices, requests, demands, applications, services of process and other communications which are required to be or may be given under this Agreement to be effective shall be made in accordance with the provisions of Section 12.16 of the Amended and Restated Program Agreement except that no notice required to be delivered hereunder shall be sent to GE Bank.

7.4. Governing Law

. The validity, performance and enforcement of this Agreement shall be governed by the Laws of the State of New York, without giving effect to the principles of conflicts of law thereof.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, have entered into this Agreement as of the day and year first above written.

GENERAL ELECTRIC CAPITAL CORPORATION

By: /s/ Richard A. Hayes
Name: Richard A. Hayes
Title: Senior Vice President Retailer Financial
Services

FEDERATED DEPARTMENT STORES, INC.

By: /s/ Ronald W. Tysoe
Name: Ronald W. Tysoe
Title: Vice Chairman and Chief Financial Officer

FDS NATIONAL BANK

By: /s/ James R. Gudmens
Name: James R. Gudmens
Title: President

MACY'S EAST, INC.

By: /s/ Robert C. Seppelt
Name: Robert C. Seppelt
Title: Vice President

MACY'S WEST, INC.

By: /s/ Robert C. Seppelt
Name: Robert C. Seppelt
Title: Vice President

BULLOCK'S, INC.

By: /s/ Robert C. Seppelt
Name: Robert C. Seppelt
Title: Vice President

BROADWAY STORES, INC.

By: /s/ Robert C. Seppelt
Name: Robert C. Seppelt
Title: Vice President

FACS GROUP, INC.

By: /s/ Robert C. Seppelt
Name: Robert C. Seppelt
Title: Vice President

MSS-DELAWARE, INC.

By: /s/ Robert C. Seppelt
Name: Robert C. Seppelt
Title: Vice President

EXHIBIT 11

<TABLE>

FEDERATED DEPARTMENT STORES, INC.

Exhibit of Primary and Fully Diluted Loss Per Share
(thousands, except per share figures)

<CAPTION>

	13 Weeks Ended					26 Weeks Ended				
	August 3, 1996		July 29, 1995		Shares	August 3, 1996		July 29, 1995		Shares
	Shares	Loss	Shares	Loss		Shares	Loss	Shares	Loss	
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Net loss and average number of shares outstanding	207,663		\$(27,193)	182,830		\$(66,926)	207,187		\$(65,139)	182,754
Loss per share		\$(.13)		\$(.37)		\$(.31)		\$(.68)		

PRIMARY COMPUTATION:

Average number of common share equivalents:

Shares to be issued to the

U.S. Treasury	40		81		40		81		
Deferred compensation plan	222		158		217		151		
Warrants	1,846		86		1,614		43		
Stock options	1,618	-	849	-	1,576	-	613	-	

Adjusted number of common and common equivalent

shares outstanding and

adjusted net loss	211,389		\$(27,193)	184,004		\$(66,926)	210,634		\$(65,139)	183,642
Primary loss per share		\$(.13)		\$(.36)		\$(.31)		\$(.67)		

FULLY DILUTED COMPUTATION:

Additional adjustments to a fully diluted basis:

Warrants			663		113		663		
Stock options	1	-	450	-	96	-	450	-	

Adjusted number of shares outstanding and net loss

on a fully diluted basis	211,390		\$(27,193)	185,117		\$(66,926)	210,843		\$(65,139)	184,755
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Fully diluted loss per share

	\$(.13)		\$(.36)		\$(.31)		\$(.67)		
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<F1>Includes the following:

Supplies and prepaid expenses	176,729
Deferred income tax assets	115,541

<F2>Includes the following:

Intangible assets - net	731,047
Notes receivable	204,035
Other assets	397,326

<F3>Includes the following:

Deferred income taxes	730,725
Other liabilities	561,847
Shareholders' Equity	4,330,130

<F4>Includes the following:

Interest Income	11,382
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