FEDERATED DEPARTMENT STORES INC /DE/
Form S-4
March 30, 2005

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As filed with the Securities and Exchange Commission on March 30, 2005

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

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

Delaware	**5311**	**13-3324058**
(State or Other Jurisdiction of Incorporation or Organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

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7 West Seventh Street
Cincinnati, Ohio 45202
(513) 579-7000
and
151 West 34th Street
New York, New York 10001
(212) 494-1602
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

Dennis J. Broderick, Esq.
Senior Vice President, General Counsel and Secretary
Federated Department Stores, Inc.
7 West Seventh Street
Cincinnati, Ohio 45202
(513) 579-7000
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

Approximate date of commencement of proposed sale to public: As soon as practicable following the effective date of this registration statement and the date on which all other conditions to the merger of The May Department Stores Company with and into Milan Acquisition Corp. pursuant to the merger agreement described in the enclosed document have been satisfied or waived.

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

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

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

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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount To Be Registered(1)	Proposed Maximum Offering Price Per Unit(2)	Proposed Maximum Aggregate Offering Price(3)	Amount of Registration Fee
Common shares, par value $0.01 per share	175,000,000	Not applicable	$5,768,606,698	$678,965

(1) The maximum number of shares of common stock of Federated that may be registered is based on the maximum number of shares issuable upon consummation of the merger described in this joint proxy statement/prospectus.

(2) Not included pursuant to Rule 457(o).

(3) Based upon the average high and low prices in the consolidated reporting system of the common stock, par value $0.50 per share, of May on the New York Stock Exchange on March 23, 2005, multiplied by the maximum number of shares of common stock of May presently outstanding or issuable or expected to be issued in connection with the consummation of the merger described in this joint proxy statement/prospectus (311,059,946 shares), less $5,521,314,042, which is the total cash consideration expected to be paid by Federated for the outstanding common stock of May (including converted ESOP preference shares) upon consummation of the merger described in this joint proxy statement/prospectus, in accordance with Rules 457(c) and (f), and estimated solely for the purpose of determining the amount of the registration fee pursuant to Rule 457.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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

PRELIMINARY COPY
SUBJECT TO COMPLETION, DATED MARCH 30, 2005

TO THE STOCKHOLDERS OF
FEDERATED DEPARTMENT STORES, INC. AND
THE MAY DEPARTMENT STORES COMPANY

Federated Department Stores, Inc., which is referred to as Federated, and The May Department Stores Company, which is referred to as May, have entered into an agreement and plan of merger that will merge May with a wholly owned subsidiary of Federated. Upon successful completion of the merger, May stockholders will receive a combination of cash and Federated common stock in exchange for their shares of May common stock. Pursuant to the merger, each share of May common stock will be converted into the right to receive 0.3115 shares of Federated common stock and $17.75 in cash. Upon completion of the merger, we estimate that, subject to adjustment as described below, May s former stockholders will own approximately 35% of the then-outstanding shares of Federated common stock, based on the number of shares of May and Federated common stock outstanding on [___], 2005. Federated s stockholders will continue to own their existing shares, which will not be affected by the merger. Shares of Federated common stock are listed on the New York Stock Exchange under the symbol FD. Upon completion of the merger, May common stock, which is listed on the New York Stock Exchange under the symbol MAY, will be delisted.

We expect the merger to be nontaxable for federal income tax purposes for May and Federated stockholders, except for the receipt by May stockholders of cash in exchange for their May common stock or cash instead of fractional shares of Federated common stock. In certain circumstances, namely if the total value of the Federated common stock to be received in the merger falls below 40% of the total consideration paid on the closing date, the merger may be taxable for federal income tax purposes. In that event, Federated may elect to pay more in Federated common stock to maintain the nontaxable status or, if Federated does not so elect, May may elect to increase the cash consideration received in the merger for each share of May common stock to $18.75.

We are each holding our annual meeting of stockholders in order to obtain those approvals necessary to consummate the merger and to approve certain other matters as described in this joint proxy statement/prospectus. At the Federated annual meeting, Federated will ask its common stockholders to authorize the issuance of shares of Federated common stock in connection with the merger and to vote on the other Federated annual meeting matters described in this joint proxy statement/prospectus. At the May annual meeting, May will ask its owners of common stock and of May s Employee Stock Ownership Plan preference stock, which are referred to as ESOP preference shares, to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger, and to vote on the other May annual meeting matters described in this joint proxy statement/prospectus. The obligations of Federated and May to complete the merger are also subject to the satisfaction or waiver of several other conditions to the merger, including antitrust clearance. More information about Federated, May and the proposed merger is contained in this joint proxy statement/prospectus. **We urge you to read this joint proxy statement/prospectus, and the documents incorporated by reference into this joint proxy statement/prospectus, carefully and in their entirety, in particular, see Risk Factors beginning on page 30.**

After careful consideration each of our boards of directors has approved the merger agreement and has determined that the merger agreement and the merger are advisable and in the best interests of the stockholders of Federated and

May, respectively. **Accordingly, the May board of directors recommends that the May stockholders vote FOR the approval and adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger, and FOR the other May annual meeting matters. The Federated board of directors recommends that the Federated stockholders vote FOR the issuance of Federated common stock to be issued in connection with the merger and FOR the other Federated annual meeting matters.**

We are very excited about the opportunities the proposed merger brings to both May and Federated stockholders, and we thank you for your consideration and continued support.

Terry J. Lundgren Chairman, President and Chief Executive Officer Federated Department Stores, Inc.	John L. Dunham Chairman, President and Chief Executive Officer The May Department Stores Company

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated **[________]**, 2005,
and is first being mailed to May and Federated stockholders on or about **[___________]**, 2005.

REFERENCES TO ADDITIONAL INFORMATION

Except where we indicate otherwise, as used in this joint proxy statement/prospectus, Federated refers to Federated and its consolidated subsidiaries and May refers to May and its consolidated subsidiaries. This joint proxy statement/prospectus incorporates important business and financial information about Federated and May from documents that each company has filed with the Securities and Exchange Commission, referred to as the SEC, but that have not been included in or delivered with this joint proxy statement/prospectus. This joint proxy statement/prospectus incorporates the annual report on Form 10-K, of each of Federated and May for the fiscal year ended January 29, 2005. If you are a May stockholder, the May annual report is delivered with this joint proxy statement/prospectus. If you are a Federated stockholder, the Federated annual report is delivered with this joint proxy statement/prospectus. For a list of documents incorporated by reference into this joint proxy statement/prospectus and how you may obtain them, see Where You Can Find More Information beginning on page 196.

This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference into this joint proxy statement/prospectus by accessing the SEC s website maintained at www.sec.gov.

In addition, Federated s SEC filings are available to the public on Federated s website, www.fds.com/corporategovernance, and May s filings with the SEC are available to the public on May s website, www.mayco.com. Information contained on Federated s website, May s website or the website of any other person is not incorporated by reference into this joint proxy statement/prospectus, and you should not consider information contained on those websites as part of this joint proxy statement/prospectus.

Federated will provide you with copies of this information relating to Federated, without charge, if you request them in writing or by telephone from:

Federated Department Stores, Inc.
7 West Seventh Street
Cincinnati, Ohio 45202
Attention: Investor Relations
(513) 579-7780

May will provide you with copies of this information relating to May, without charge, if you request them in writing or by telephone from:

The May Department Stores Company
611 Olive Street
St. Louis, Missouri 63101
Attention: Investor Relations
(314) 342-6300

If you would like to request documents, please do so by [___], 2005, in order to receive them before the annual meetings.

Federated has supplied all information contained in or incorporated by reference in this joint proxy statement/prospectus relating to Federated, and May has supplied all information contained in or incorporated by reference in this joint proxy statement/prospectus relating to May.

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THE MAY DEPARTMENT STORES COMPANY
611 Olive Street
St. Louis, Missouri 63101

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON [_______________], 2005

To our fellow Stockholders and Holders of ESOP preference shares of The May Department Stores Company:

We will hold our 2005 annual meeting of stockholders at [___] a.m., [___], on [___], 2005, at [___], unless postponed or adjourned to a later date. The May annual meeting will be held for the following purposes:

1. To approve and adopt the Agreement and Plan of Merger, dated as of February 27, 2005, by and among May, Federated Department Stores, Inc. and Milan Acquisition Corp., a wholly owned subsidiary of Federated, and the transactions contemplated by the merger agreement, including the merger, pursuant to which May will merge with Milan Acquisition Corp., on the terms and subject to the conditions contained in the merger agreement, and each outstanding share of May common stock would be converted into the right to receive $17.75 in cash and 0.3115 shares of Federated common stock. A copy of the merger agreement is attached as Annex A to the accompanying joint proxy statement/prospectus;

2. To elect four members of May s board of directors;

3. To adopt an amendment to May s amended and restated certificate of incorporation to provide for the annual election of directors;

4. To ratify the appointment of Deloitte & Touche LLP as May s independent registered public accounting firm for the fiscal year ending January 28, 2006;

5. To approve adjournments or postponements of the May annual meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the May annual meeting to approve the above proposals; and

6. To consider and take action upon any other business that may properly come before the May annual meeting or any reconvened meeting following an adjournment or postponement of the May annual meeting.

These items of business are described in the accompanying joint proxy statement/prospectus. Only stockholders of record at the close of business on ___, 2005, are entitled to notice of the May annual meeting and to vote at the May annual meeting and any adjournments or postponements of the May annual meeting.

May s board of directors approved the merger agreement and the transactions contemplated by the merger agreement, including the merger, on February 27, 2005, and determined that the transactions contemplated by the merger agreement are advisable and fair to, and in the best interests of, May and its stockholders. May s board of directors recommends that you vote FOR the adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger.

May s board of directors also recommends that you vote FOR the other May annual meeting proposals, all of which are described in detail in the accompanying joint proxy statement/prospectus. Approval of the other May annual meeting proposals is not a condition to the merger.

Under Delaware law, appraisal rights will be available to May stockholders of record who vote against approval and adoption of the merger agreement. To exercise your appraisal rights, you must strictly follow the procedures prescribed by Delaware law. These procedures are summarized in the accompanying joint proxy statement/prospectus.

Your vote is very important. Whether or not you plan to attend the May annual meeting in person, please complete, sign and date the enclosed proxy card(s) or voting instruction card(s) as soon as possible and return it in

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the postage-prepaid envelope provided, or vote your shares by telephone or over the Internet as described in the accompanying joint proxy statement/prospectus. Completing a proxy now will not prevent you from being able to vote at the annual meeting by attending in person and casting a vote. **However, if you do not return or submit the proxy or vote in person at the annual meeting, the effect will be the same as a vote against the proposal to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger.**

By order of the board of directors,

Richard A. Brickson
Secretary and Senior Counsel

Please vote your shares promptly. You can find instructions for voting on the enclosed proxy card or voting instruction card.

If you have questions, contact:

The May Department Stores Company
611 Olive Street
St. Louis, Missouri 63101
Attention: Investor Relations
(314) 342-6300

St. Louis, Missouri, [_____________], 2005

Your vote is important. Please complete, date, sign and return your proxy card(s) or voting instruction card(s), or vote your shares by telephone or over the Internet at your earliest convenience so that your shares are represented at the meeting.

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FEDERATED DEPARTMENT STORES, INC.
7 West Seventh Street
Cincinnati, Ohio 45202

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON [______________], 2005

To our fellow Stockholders of Federated Department Stores, Inc.:

The annual meeting of stockholders of Federated Department Stores, Inc. (Federated) will be held at [___] a.m., Eastern Daylight Savings Time, on [___], 2005, at Federated s corporate offices located at 7 West Seventh Street, Cincinnati, Ohio 45202, unless postponed or adjourned to a later date. The Federated annual meeting will be held for the following purposes:

1. To authorize the issuance of Federated common stock pursuant to the terms of the Agreement and Plan of Merger, dated as of February 27, 2005, by and among The May Department Stores Company, Federated and Milan Acquisition Corp., a wholly owned subsidiary of Federated, pursuant to which May will merge with Milan Acquisition Corp. on the terms and subject to the conditions contained in the merger agreement. A copy of the merger agreement is attached as Annex A to the accompanying joint proxy statement/prospectus;

2. To elect three Class II members of Federated s board of directors;

3. To adopt an amendment to Federated s certificate of incorporation to provide for the annual election of directors;

4. To ratify the appointment of KPMG LLP as Federated s independent registered public accounting firm for the fiscal year ending January 28, 2006;

5. To approve adjournments or postponements of the Federated annual meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Federated annual meeting to approve the above proposals; and

6. To consider and take action upon any other business that may properly come before the Federated annual meeting or any reconvened meeting following an adjournment or postponement of the Federated annual meeting.

These items of business are described in the accompanying joint proxy statement/prospectus. Only stockholders of record at the close of business on ___, 2005, are entitled to notice of the Federated annual meeting and to vote at the Federated annual meeting and any adjournments or postponements of the Federated annual meeting.

Federated s board of directors approved the merger agreement and the transactions contemplated by the merger agreement, including the merger, on February 27, 2005, and determined that the transactions contemplated by the merger agreement are advisable and fair to, and in the best interests of, Federated and its stockholders. Federated s board of directors recommends that you vote FOR the issuance of Federated common stock pursuant to the merger agreement.

Federated s board of directors also recommends that you vote FOR the other Federated annual meeting proposals, all of which are described in detail in the accompanying joint proxy statement/prospectus. Approval of the other Federated annual meeting proposals is not a condition to the merger.

Your vote is very important. Whether or not you plan to attend the Federated annual meeting in person, please complete, sign and date the enclosed proxy card(s) or voting instruction card(s) as soon as possible and return it in the postage-prepaid envelope provided, or vote your shares by telephone or over the Internet as described in the accompanying joint proxy statement/prospectus. Completing a proxy now will not prevent you from being able to vote at the annual meeting by attending in person and casting a vote. **However, if you do not return or submit the**

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proxy or vote in person at the annual meeting you could negatively effect the outcome of the proposal to approve the issuance of Federated common stock in the merger.

By order of the board of directors,

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

Please vote your shares promptly. You can find instructions for voting on the enclosed proxy card or voting instruction card.

If you have questions, contact:

Federated Department Stores, Inc.
7 West Seventh Street
Cincinnati, Ohio 45202
Attention: Investor Relations
(513) 579-7780
Call Toll-Free: (800) 261-5385

Cincinnati, Ohio, [_____], 2005

Your vote is important. Please complete, date, sign and return your proxy card(s) or voting instruction card(s) or, if available, vote your shares by telephone or over the Internet at your earliest convenience so that your shares are represented at the meeting.

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QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETINGS AND THE MERGER

The following questions and answers briefly address some commonly asked questions about the annual meetings and the merger. They may not include all the information that is important to you. Federated and May urge you to read carefully this entire joint proxy statement/prospectus, including the annexes and the other documents to which we have referred you. We have included page references in certain parts of this summary to direct you to a more detailed description of each topic presented elsewhere in this joint proxy statement/prospectus.

The Merger

Q: Why am I receiving this joint proxy statement/prospectus?

A: May and Federated have agreed to the acquisition of May by Federated under the terms of a merger agreement that is described in this joint proxy statement/prospectus. A copy of the merger agreement is attached to this joint proxy statement/prospectus as Annex A.

In order to complete the merger, Federated stockholders must vote to approve the issuance of shares of Federated common stock in the merger and May stockholders must approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger. May and Federated will hold separate meetings of their respective stockholders to obtain these approvals, as well as to consider various other proposals unrelated to the transaction.

This joint proxy statement/prospectus contains important information about the merger, the merger agreement and the annual meetings of the respective stockholders of May and Federated, which you should read carefully. The enclosed voting materials allow you to vote your shares without attending your respective company s annual meeting.

Your vote is very important. We encourage you to vote as soon as possible.

Q: What is the proposed transaction for which I am being asked to vote?

A: May stockholders are being asked to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger. The approval of this proposal by May stockholders is a condition to the effectiveness of the merger. See The Merger Agreement Conditions to Completion of the Merger beginning on page 116 and Summary Conditions to Completion of the Merger beginning on page 17.

Federated stockholders are being asked to authorize the issuance of Federated common stock pursuant to the terms of the merger agreement at the Federated annual meeting. The approval of this proposal by the Federated stockholders is a condition to the effectiveness of the merger. See The Merger Agreement Conditions to Completion of the Merger beginning on page 116 and Summary Conditions to Completion of the Merger beginning on page 17.

Q: Why are May and Federated proposing the merger?

A: May and Federated both believe that the merger will provide substantial strategic and financial benefits to the stockholders of both companies by creating one of the largest retail chains in the United States, which is capable of creating more stockholder value than either May or Federated could on its own. In addition, May is also proposing the merger to provide its stockholders with the opportunity to receive a premium for their shares and to offer May stockholders the opportunity to participate in the growth and opportunities of the combined companies by receiving Federated stock in the merger. To review the reasons for the merger in greater detail, see The Merger Federated's Reasons for the Merger and Recommendation of Federated's Board of Directors beginning on page 63 and The Merger May's Reasons for the Merger and Recommendation of May's Board of Directors

beginning on page 59.

Q: What are the positions of the May and Federated boards of directors regarding the merger?

A: Both boards of directors have approved the merger agreement and the transactions contemplated by the merger agreement, including the merger, and determined that the transactions contemplated by the merger agreement are advisable and fair to, and in the best interests of, their respective company and stockholders. The May board of directors recommends that the May stockholders vote **FOR** the proposal to adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger, at the May annual meeting. The Federated board of directors recommends that the Federated stockholders vote **FOR** the proposal to authorize the issuance of Federated common stock pursuant to the terms of the merger agreement at the Federated annual meeting. See The Merger Federated's Reasons for the Merger and Recommendation of Federated's Board of Directors beginning on page 63, The Merger May's Reasons for the Merger and Recommendation of May's Board of Directors beginning on page 59, and Summary Recommendation of the Boards of Directors to May and Federated Stockholders beginning on page 14.

Q: What vote is needed by May stockholders to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger, at the May annual meeting?

A: The approval and adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger, requires the approval of a majority of the outstanding shares of

May common stock and ESOP preference shares entitled to vote, voting together as one class. If a May stockholder does not vote, it will have the same effect as a vote against the approval and adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger. See The May Annual Meeting Quorum and Voting Rights beginning on page 37.

Q: What vote is needed by Federated stockholders to authorize the issuance of Federated common stock pursuant to the terms of the merger agreement at the Federated annual meeting?

A: The authorization of the issuance of Federated common stock pursuant to the terms of the merger agreement requires the affirmative vote of at least a majority of the votes cast by the holders of outstanding shares of Federated common stock present (in person or by proxy) at the Federated annual meeting, where the holders of at least a majority of all outstanding shares of Federated common stock vote on the proposal. If a Federated stockholder does not vote, it will not have the same effect as a vote against the merger agreement. However, it can negatively affect the vote on such proposal if their failure to be counted results in less than a majority in interest of all outstanding shares of Federated common stock being voted on such proposal. See The Federated Annual Meeting Quorum and Voting Rights beginning on page 44.

Q: What will happen in the proposed merger?

A: In the proposed merger, May will merge with a newly formed subsidiary of Federated. After the merger, May will no longer be a public company and will become a wholly owned subsidiary of Federated. See The Merger Agreement The Merger; Closing beginning on page 102.

Q: What will May stockholders receive in the merger?

A: In the merger, May stockholders will receive for each share of May common stock:

- $17.75 in cash, without interest; and

- 0.3115 fully paid, nonassessable shares of Federated common stock.

May stockholders will receive cash for any fractional shares of Federated common stock that they would otherwise be entitled to receive in the merger.

In certain circumstances, namely if the total value of the Federated common stock to be received in the merger falls below 40% of the total consideration paid on the closing date, the merger may be taxable for federal income tax purposes. In that event, Federated may elect to pay more in Federated common stock to maintain the nontaxable status or, if Federated does not so elect, May may elect to increase the cash consideration received in the merger for each share of May common stock to $18.75. See Summary

Material United States Federal Income Tax Consequences beginning on page 21 and Material United States Federal Income Tax Consequences beginning on page 98.

Q: How will May s ESOP preference shares be affected by the proposed merger?

A: In connection with the merger and in accordance with the terms and conditions of May s ESOP preference shares, each issued and outstanding ESOP preference share will, in accordance with its terms, be converted immediately prior to the effectiveness of the merger into shares of May common stock, and such shares of May common stock will be converted into the merger consideration upon completion of the merger. See Summary The Merger Merger Consideration beginning on page 12 and The Merger Agreement Merger Consideration beginning on page 103.

Q: How will May employee stock options be affected by the proposed merger?

A: In general, upon completion of the merger, options to purchase shares of May common stock will be converted into options to purchase shares of Federated common stock and will be assumed by Federated. Federated has agreed to assume each of May s stock option plans at the effective time of the merger. Each unvested May stock option outstanding under any May stock option plan will become fully vested and exercisable in connection with the merger.

Restricted shares of May common stock granted by May to its employees and directors will become fully vested in connection with the merger and the holders thereof will be entitled to receive the merger consideration with respect to such vested shares upon completion of the merger.

For a full description of the treatment of May equity awards, see The Merger Agreement Executive Employment and Severance Agreements Equity-Based Awards beginning on page 90.

Q: Do May stockholders have appraisal rights?

A: Yes. May stockholders who do not vote in favor of approving and adopting the merger agreement and the transactions contemplated by the merger agreement, including the merger, and who otherwise comply with the requirements of Delaware law will be entitled to appraisal rights to receive the statutorily determined fair value of their shares of May common stock as determined by the Delaware Chancery Court, rather than the merger consideration. May stockholders will not have appraisal rights in connection with any of the other annual meeting proposals. For a full description of the appraisal rights available to May stockholders, see Summary Appraisal Rights beginning on page ___and The Merger Appraisal Rights of May Stockholders beginning on page 17.

Q: Do Federated stockholders have appraisal rights?

A: No. Federated stockholders are not entitled to appraisal rights in connection with the merger or in connection with any of the other annual meeting proposals on which the Federated stockholders are being asked to vote.

Q: Will the rights of May stockholders change as a result of the merger?

A: Yes. May stockholders will become Federated stockholders and their rights as Federated stockholders will be governed by Delaware law and Federated s certificate of incorporation and by-laws. A description of those rights begins on page 187. For a copy of Federated s certificate of incorporation or by-laws, see Where You Can Find More Information beginning on page 196.

Q: Will the rights of Federated stockholders change as a result of the merger?

A: No. Federated stockholders will retain their shares of Federated common stock and their rights will continue to be governed by Delaware law and Federated s certificate of incorporation and by-laws.

Q: Where does Federated common stock trade?

A: Shares of Federated common stock trade on the New York Stock Exchange under the symbol FD.

Q: When do you expect to complete the merger?

A: If the merger agreement and the transactions contemplated by the merger agreement, including the merger, are approved and adopted at the May annual meeting and the issuance of Federated common stock is authorized at the Federated annual meeting, we expect to complete the merger as soon as possible after the satisfaction of the other conditions to the merger. There may be a substantial period of time between the approval of the proposals by stockholders at the annual meetings of May s and Federated s stockholders and the effectiveness of the merger. We currently anticipate that the merger will be completed in the third quarter of 2005. See The Merger Agreement The Merger; Closing on page 102.

Q: Who will be the directors of Federated after the merger?

A: The directors of Federated immediately prior to the merger will continue as directors after the effective date of the merger. In addition, Federated has agreed to select two members of May s board of directors who are recommended by the nominating committee of Federated s board of directors and, if those individuals are willing to serve, Federated will use its reasonable best efforts to appoint those individuals to Federated s board as of the effective time of the merger.

Q: What are the material U.S. federal income tax consequences of the merger to stockholders?

A: Assuming that the merger is completed as currently contemplated, we expect that the May stockholders <u>will not</u> recognize gain or loss in respect of the stock portion of the merger consideration, except for gain or loss resulting from the receipt of cash in lieu of a fractional share of Federated common stock. In addition, we expect that the May stockholders generally <u>will</u> recognize capital gain, but not loss, in an amount equal to the lesser of (i) the cash they receive in the merger (excluding cash in lieu of a fractional share of Federated common stock) and (ii) the excess of the sum of the fair market value of the Federated common stock and cash they receive (again excluding cash received in lieu of a fractional share of Federated common stock) over their adjusted tax basis in their May common stock.

In certain circumstances, namely if the total value of the Federated common stock to be received in the merger falls below 40% of the total consideration paid on the closing date, the merger may be taxable for federal income tax purposes. In that event, Federated may elect to pay more in Federated common stock to maintain the nontaxable status or, if Federated does not so elect, May may elect to increase the cash consideration received in the merger for each share of May common stock to $18.75. See Risk Factors Under certain circumstances relating to the price of Federated common stock, May stockholders could be required to accept $18.75 per share in cash and 0.3115 shares of Federated common stock in a transaction that is currently taxable to such May stockholders on page 32.

If the merger is taxable, each May stockholder will recognize capital gain or loss equal to the difference, if any, between the amount by which the sum of the amount of cash received and the fair market value of the shares of Federated common stock received as of the effective time of the merger exceeds the stockholder s adjusted tax basis in the stockholder s shares of May common stock.

We anticipate that the merger will have no material U.S. federal income tax consequences to Federated stockholders.

Tax matters are very complicated. You should be aware that the tax consequences to you of the merger may depend upon your own situation. In addition, you may be subject to state, local or foreign tax laws that are not discussed in this joint proxy statement/prospectus. You should therefore consult with your own tax advisor for a full understanding of the tax consequences to you of the merger. For more information regarding the tax consequences of the merger, please see Material United States Federal Income Tax Consequences beginning on page 98.

Q: Should I send in my stock certificates now?

A: No. If the merger is completed, Federated will send May stockholders written instructions for sending in their stock certificates. See The May Annual Meeting Proxy Solicitations beginning on page 41 and

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The Merger Agreement Exchange of Shares on page 103. Federated stockholders will not need to send in their stock certificates.

Q: Who can answer my questions about the merger?

A: If you have any questions about the merger or your annual meeting, need assistance in voting your shares, or need additional copies of this joint proxy statement/prospectus or the enclosed proxy card(s) or voting instructions, you should contact:

Federated Department Stores, Inc.
7 West Seventh Street
Cincinnati, Ohio 45202
Attention: Investor Relations
Telephone: (513) 579-7780

or

The May Department Stores Company
611 Olive Street
St. Louis, Missouri 63101
Attention: Investor Relations
Telephone: (314) 342-6300

Other Federated Annual Meeting Proposals

Q: On what other proposals am I being asked to vote at the Federated annual meeting?

A: At Federated s annual meeting, in addition to voting upon the issuance of Federated stock pursuant to the merger agreement, Federated stockholders will be asked:

- To elect three Class II members of Federated s board of directors;
- To adopt an amendment to Federated s Certificate of Incorporation to provide for the annual election of directors;
- To ratify the appointment of KPMG LLP as Federated s independent registered public accounting firm for the fiscal year ending January 28, 2006;
- To approve adjournments or postponements of the Federated annual meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Federated annual meeting to approve the above proposals; and
- To consider and take action upon any other business that may properly come before the Federated annual meeting (or any reconvened meeting) following an adjournment or postponement of the Federated annual meeting.

See The Federated Annual Meeting Purposes of the Federated Annual Meeting beginning on page 43.

Q: What vote is necessary to approve the other proposals at the Federated annual meeting?

A:

The election of three Class II members of Federated s board of directors requires the affirmative vote of a plurality of the shares of Federated common stock present in person or represented by proxy at the Federated annual meeting and entitled to vote.

The proposal to amend Federated s certificate of incorporation to adopt a system for the annual election of all Federated directors requires the affirmative vote of a majority of all outstanding shares of Federated common stock to take effect in accordance with the schedule more fully described in the proposal.

The ratification of the appointment of KPMG LLP as Federated s independent registered public accounting firm for the fiscal year ending January 28, 2006, requires the affirmative vote of the holders of a majority of Federated common stock present in person or represented by proxy entitled to vote and actually voted at the Federated annual meeting.

A proposal to approve adjournments or postponements of the Federated annual meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Federated annual meeting to approve the above proposals requires the affirmative vote of the holders of a majority of Federated common stock present in person or represented by proxy entitled to vote and actually voted at the Federated annual meeting.

Other May Annual Meeting Proposals

Q: On what other proposals am I being asked to vote at the May annual meeting?

A: At May s annual meeting, in addition to voting upon the approval and adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger. May stockholders will be asked:

To elect four members of May s board of directors;

To adopt an amendment to May s amended and restated certificate of incorporation to provide for the annual election of directors;

To ratify the appointment of Deloitte & Touche LLP as May s independent registered public accounting firm for the fiscal year ending January 28, 2006;

To approve adjournments or postponements of the May annual meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the May annual meeting to approve the above proposals; and

To consider and take action upon any other business that may properly come before the May annual meeting (or any reconvened meeting) following an adjournment or postponement of the May annual meeting.

See The May Annual Meeting Purposes of the May Annual Meeting beginning on page 36.

Q: What vote is necessary to approve the other proposals at the May annual meeting?

A: The election of the four members of May s board of directors requires the affirmative vote of a plurality of the shares of May common stock and ESOP preference shares, voting together as one class, present in person or represented by proxy at the May annual meeting and entitled to vote.

The proposal to amend May s amended and restated certificate of incorporation requires the affirmative vote of a majority of the outstanding shares of May common stock and ESOP preference shares, voting together as one class.

Ratification of the appointment of Deloitte & Touche LLP as May s independent registered public accounting firm for the fiscal year ending January 28, 2006, requires the affirmative vote of the holders of a majority of the shares of May common stock and ESOP preference shares, voting together as one class, present in person or represented by proxy and entitled to vote at the May annual meeting.

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A proposal to approve adjournments or postponements of the May annual meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the May annual meeting to approve the above proposals requires the affirmative vote of a majority of the shares of May common stock and ESOP preference shares, voting together as one class, present in person or represented by proxy and entitled to vote at the May annual meeting.

Procedures

Q: When and where are the annual meetings?

A: The May annual meeting will be held at the [___], on [___], 2005.

The Federated annual meeting will be held at Federated s corporate offices, 7 West Seventh Street, Cincinnati, Ohio 45202, on [___], 2005.

Q: Who is eligible to vote at the May and Federated annual meetings?

A: Owners of May commons stock and of May s ESOP preference shares are eligible to vote at the May annual meeting if they were stockholders of record at the close of business on [___], 2005. See The May Annual Meeting Record Date; Outstanding Shares; Shares Entitled to Vote beginning on page 36.

Owners of Federated common stock are eligible to vote at the Federated annual meeting if they were stockholders of record at the close of business on [___], 2005. See The Federated Annual Meeting Record Date; Outstanding Shares; Shares Entitled to Vote beginning on page 43.

Q: What should I do now?

A: You should read this joint proxy statement/prospectus carefully, including the annexes, and return your completed, signed and dated proxy card(s) or voting instruction card(s) by mail in the enclosed postage-paid envelope or, if available, by submitting your proxy by telephone or over the Internet as soon as possible so that your shares will be represented and voted at your annual meeting. You may vote your shares by signing, dating and mailing the enclosed proxy card(s) or voting instruction card(s), or, if available, by voting by telephone or over the Internet. A number of banks and brokerage firms participate in a program that also permits stockholders whose shares are held in street name to direct their vote by the Internet or telephone. This option, if available, will be reflected in the voting instructions from the bank or brokerage firm that accompany this joint proxy statement/prospectus. If your shares are held in an account at a bank or brokerage firm that participates in such a program, you may direct the vote of these shares by the Internet or telephone by following the voting instructions enclosed with the proxy form from the bank or brokerage firm. See The May Annual Meeting Voting; Proxies on page 40, The May Annual Meeting How to Vote beginning on page 40, The Federated Annual Meeting Voting; Proxies on page 47 and The Federated Annual Meeting How to Vote beginning on page 47.

If you participate in May s profit sharing plan, you will receive a voting instruction card for the May common stock and ESOP preference shares allocated to your accounts in that plan. You may instruct the plan trustee on how to vote your shares by signing, dating and mailing the enclosed voting instruction card(s), or by submitting your voting instructions by telephone or over the Internet. The plan trustee will vote your shares in accordance with your instructions and the terms of the plan. If you fail to vote, the trustee, subject to its fiduciary obligations under the Employee Retirement Income Security Act of 1974, as amended, which is referred to as ERISA, will vote your shares in the same proportion as it votes the shares for which it receives instructions from other plan participants. Under the terms of the plan, the trustee must receive your voting instructions by 11:59 p.m., New York City time on [___], 2005.

If you participate in Federated s Profit Sharing 401(k) Investment Plan, you will receive a voting instruction card for your proportional interest in any Federated shares in that plan. You may instruct the plan trustee on how to vote your proportional interest in any Federated shares by signing, dating and mailing the enclosed voting instruction card(s), or by submitting your voting instructions by telephone or over the Internet. The plan trustee will vote your proportional interest in accordance with your instructions

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and the terms of the plan. If you fail to vote, the trustee, subject to its fiduciary obligations under ERISA, will vote your proportional interest in the same proportion as it votes the shares for which it receives instructions from other plan participants. Under the terms of the plan, the trustee must receive your voting instructions by 11:59 p.m., New York City time on ___, 2005.

Q: If I am going to attend my annual meeting, should I return my proxy card(s) or voting instruction card(s)?

A: Yes. Returning your signed and dated proxy card(s) or voting instruction card(s) or voting by telephone or over the Internet, if available, ensures that your shares will be represented and voted at your annual meeting. See The May Annual Meeting How to Vote beginning on page 40 and The Federated Annual Meeting How to Vote beginning on page 47.

Q: How will my proxy be voted?

A: If you complete, sign and date your proxy card(s) or voting instruction card(s), or, if available, vote by telephone or the Internet, your proxy will be voted in accordance with your instructions. If you sign and date your proxy card(s) or voting instruction card(s) but do not indicate how you want to vote at your annual meeting:

For May stockholders, your shares will be voted FOR the approval and adoption of the merger agreement, FOR the election of the members of the board of directors, FOR the ratification of the independent registered public accounting firm and FOR the amendment to the certificate of incorporation. If you vote FOR the adoption of the merger agreement at the May annual meeting, you will lose the appraisal rights to which you would otherwise be entitled. See Summary Appraisal Rights beginning on page 17, The Merger Appraisal Rights of May Stockholders beginning on page 94 and The May Annual Meeting How to Vote beginning on page 40.

For Federated stockholders, your shares will be voted FOR the issuance of Federated common stock, FOR the election of the members of the board of directors, FOR the ratification of the independent registered public accounting firm and FOR the amendment to the certificate of incorporation. See The Federated Annual Meeting How to Vote beginning on page 47.

Q: Can I change my vote after I mail my proxy card(s) or voting instruction card(s), or, if available, vote by telephone or the Internet?

A: Yes. If you are a record holder of May common stock, May ESOP preference shares or Federated common stock, you can change your vote by:

sending a written notice to the corporate secretary of the company in which you hold shares that is received prior to your annual meeting and states that you revoke your proxy;

signing and delivering a new proxy card(s) or voting instruction card(s) bearing a later date;

if available, voting again by telephone or over the Internet and submitting your proxy so that it is received prior to your annual meeting; or

attending your annual meeting and voting in person although your attendance alone will not revoke your proxy.

If your shares are held in a street name account, you must contact your broker, bank or other nominee to change your vote.

Q: What if my shares are held in street name by my broker?

A: If a broker holds your common stock for your benefit but not in your own name, your shares are in street name. In that case, your broker will send you a voting instruction form to use in voting your shares. The

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availability of Internet and telephone voting depends on your broker s voting procedures. Please follow the instructions on the voting instruction form they send you. If your shares are held in your broker s name and you wish to vote in person at your annual meeting, you must contact your broker and request a document called a legal proxy. You must bring this legal proxy to your respective annual meeting in order to vote in person.

Q: What if I don t provide my broker with instructions on how to vote?

A: Generally, a broker may only vote the common stock that it holds for you in accordance with your instructions. However, if your broker has not received your instructions, your broker has the discretion to vote on certain matters that are considered routine. A broker non-vote occurs if your broker cannot vote on a particular matter because your broker has not received instructions from you and because the proposal is not routine.

May Stockholders

If you wish to vote on the proposal to adopt and approve the merger, you must provide instructions to your broker because this proposal is not routine. If you do not provide your broker with instructions, your broker will not be authorized to vote with respect to adopting and approving the merger, and a broker non-vote will occur. This will have the same effect as a vote against the approval and adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger.

If you wish to vote on the proposal to amend May s amended and restated certificate of incorporation, you must provide instructions to your broker because this proposal is not routine. If you do not provide your broker with instructions, your broker will not be authorized to vote with respect to amending the amended and restated certificate of incorporation and a broker non-vote will occur. This will have the same effect as a vote against the amendment of the amended and restated certificate of incorporation.

If you wish to vote on the proposals to elect the four directors, to ratify the appointment of May s independent registered public accounting firm or to act upon any other routine business that may properly come before the May annual meeting, you should provide instructions to your broker. If you do not provide instructions to your broker, your broker generally will have the authority to vote on the election of directors, the ratification of the appointment of the independent registered public accounting firm and other routine matters.

If you wish to vote on any proposal to approve adjournments or postponements of the May annual meeting, you should provide instructions to your broker. If you do not provide instructions to your broker, your broker generally will have the authority to vote on proposals such as the adjournment or postponement of meetings. However, your broker will not be authorized to vote on any proposal to adjourn or postpone the meeting solely relating to the solicitation of proxies to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger. See The May Annual Meeting Voting; Proxies on page 40 and The May Annual Meeting Quorum and Voting Rights beginning on page 37.

Federated Stockholders

If you wish to vote on the proposal to issue Federated common stock pursuant to the merger agreement, you must provide instructions to your broker because this proposal is not routine. If you do not provide your broker with instructions, your broker will not be authorized to vote with respect to the issuance of Federated common stock, and a broker non-vote will occur. Such a broker non-vote will not be counted for determining whether the share issuance proposal has been approved. However, broker non-votes can negatively affect the vote on the Federated share issuance proposal if their failure to be counted results in less than a majority of all outstanding shares of Federated common stock being voted.

If you wish to vote on the proposal to amend Federated s certificate of incorporation, you must provide instructions to your broker because this proposal is not routine. If you do not provide your broker with instructions, your broker will not be authorized to vote with respect to amending the certificate of incorporation, and a broker non-vote will occur. This will have the same effect as a vote against the amendment of the certificate of incorporation.

If you wish to vote on the proposals to elect the three Class II members, to ratify the appointment of Federated s independent registered public accounting firm or to act upon any other routine business that may properly come before the Federated annual meeting, you should provide instructions to your broker. If you do not provide your broker with instructions, your brokers generally will have the authority to vote on the election of directors, the ratification of the appointment of the independent registered public accounting firm and other routine matters.

If you wish to vote on any proposal to approve adjournments or postponements of the Federated annual meeting, you should provide instructions to your broker. If you do not provide instructions to your broker, your broker generally will have the authority to vote on proposals such as the adjournment or postponement of meetings. However, your broker will not be authorized to vote on any proposal to adjourn or postpone the meeting solely relating to the solicitation of proxies to approve the proposal to issue Federated common stock pursuant to the merger agreement. See The Federated Annual Meeting Voting; Proxies on page 47 and The Federated Annual Meeting Quorum and Voting Rights beginning on page 44.

Q: What if I abstain from voting?

A: Your abstention from voting will have the following effect.

If you are a May stockholder:

Abstentions will have the same effect as a vote against the approval and adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger.

Abstentions will also have the same effect as a vote against the approval of the amendment to May s amended and restated certificate of incorporation.

Abstentions will not be counted for determining the election of the board of directors. As a result, abstentions will not have an effect on the outcome of the election of the board of directors.

An abstention has the effect of voting against the ratification of the appointment of the independent registered public accounting firm and the approval of adjournments or postponements of the May annual meeting. See The May Annual Meeting Voting; Proxies on page 40.

If you are a Federated stockholder:

Abstentions will not be counted for determining whether the share issuance proposal has been approved. However, an abstention can negatively affect the vote on the Federated share issuance proposal if their failure to be counted results in less than a majority of all outstanding shares of Federated common stock being voted.

Abstentions will have the same effect as a vote against the approval of the amendment to Federated s certificate of incorporation.

Abstentions will not be counted for determining the election of the board of directors. As a result, abstentions will not have an effect on the outcome of the election of the board of directors.

An abstention will not be counted for the ratification of the appointment of the independent registered public accounting firm or the approval of adjournments or postponements of the Federated annual meeting. See The

Federated Annual Meeting Voting; Proxies on page 47.

Q: What does it mean if I receive multiple proxy cards?

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A: Your shares may be registered in more than one account, such as brokerage accounts and 401(k) accounts. It is important that you complete, sign, date and return each proxy card or voting instruction card you receive, or, if available, vote using the telephone or the Internet as described in the instructions included with your proxy card(s) or voting instruction card(s).

Q: Where can I find more information about Federated and May?

A: You can find more information about Federated and May from various sources described under Where You Can Find More Information beginning on page 196.

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SUMMARY

This summary of the material information contained in this joint proxy statement/prospectus may not include all the information that is important to you. To understand fully the proposed merger, and for a more detailed description of the terms and conditions of the merger and certain other matters being considered at your annual meeting, you should read this entire joint proxy statement/prospectus and the documents to which we have referred you. See Where You Can Find More Information beginning on page 196. We have included page references parenthetically in this summary to direct you to a more detailed description of each topic presented in this summary.

Information about Federated (beginning on page 122)

Federated, a Delaware corporation, through its subsidiaries, operates 394 department stores and 65 furniture galleries and specialty stores. In addition, through its subsidiaries, Federated conducts direct-to-customer mail catalog and electronic commerce businesses. The stores are located in 34 states, Puerto Rico and Guam. Federated is headquartered in New York, New York and Cincinnati, Ohio and employs approximately 112,000 full-time and part-time employees.

Federated Department Stores, Inc.
7 West Seventh Street
Cincinnati, Ohio 45202
Attention: Investor Relations
Telephone: (513) 579-7780

Information about May (beginning on page 149)

May, a Delaware corporation, through its subsidiaries, operates seven regional department store divisions nationwide under 12 trade names and a bridal group that includes some of the most recognized names in the wedding industry. At January 29, 2005, May operated 491 department stores in 39 states and the District of Columbia, 239 David s Bridal Stores in 45 states and Puerto Rico, 449 After Hours Formalwear stores in 31 states and 11 Priscilla of Boston stores in nine states. May is headquartered in St. Louis, Missouri and employs approximately 132,000 full-time and part-time employees.

The May Department Stores Company
611 Olive Street
St. Louis, Missouri 63101
Attention: Investor Relations
Telephone: (314) 342-6300

The Merger (beginning on page 50)

General

On February 27, 2005, the boards of directors of May and Federated each approved the merger of May with a newly formed and wholly owned subsidiary of Federated, which is referred to as Merger Sub, upon the terms and subject to the conditions contained in the merger agreement. The surviving company of the merger will become a wholly owned subsidiary of Federated.

We encourage you to read the merger agreement, which governs the merger and is attached as Annex A to this joint proxy statement/prospectus, because it sets forth the terms of the merger of May with Merger Sub.

Merger Consideration

Holders of May common stock (other than May, Federated and dissenting May stockholders who properly exercise their appraisal rights) will be entitled to receive for each share of May common stock:

$17.75 in cash, without interest; and

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0.3115 fully paid, nonassessable shares of Federated common stock.

As a result, Federated will issue approximately 96 million shares of Federated common stock and approximately $5.5 billion in cash in the merger based upon the number of shares of May common stock outstanding on the record date of the May annual meeting and assuming full conversion of the ESOP preference shares as of such date. We refer to the stock and cash consideration to be paid to May stockholders by Federated as the merger consideration.

The total value of the merger consideration that a May stockholder receives in the merger may vary. The value of the cash portion of the merger consideration is fixed at $17.75 for each share of May common stock. The value of the stock portion of the merger consideration is not fixed and will depend upon the value of 0.3115 shares of Federated common stock. This value may be ascertained by multiplying the trading price of Federated common stock by 0.3115.

As illustrated in the table below, the value of 0.3115 shares of Federated common stock may be less than or greater than $17.75, which was the value of the stock portion of the merger consideration as of the announcement of the transaction, based on the 10-day trading average of Federated common stock as of February 25, 2005. In particular, if the closing price of Federated common stock upon completion of the merger is greater than $56.98, then the value of 0.3115 shares of Federated common stock would be greater than $17.75. If the closing price of Federated common stock upon completion of the merger is less than $56.98, then the value of 0.3115 shares of Federated common stock would be less than $17.75.

Hypothetical Trading Price of Federated s Common Stock	Corresponding Value of 0.3115 Shares of Federated s Common Stock	Cash Consideration	Corresponding Value of Merger Consideration
$61.98	$ 19.31	$ 17.75	$ 37.06
$60.98	$ 19.00	$ 17.75	$ 36.75
$59.98	$ 18.68	$ 17.75	$ 36.43
$58.98	$ 18.37	$ 17.75	$ 36.12
$57.98	$ 18.06	$ 17.75	$ 35.81
$56.98	$ 17.75	$ 17.75	$ 35.50
$55.98	$ 17.44	$ 17.75	$ 35.19
$54.98	$ 17.13	$ 17.75	$ 34.88
$53.98	$ 16.81	$ 17.75	$ 34.56
$52.98	$ 16.50	$ 17.75	$ 34.25
$51.98	$ 16.19	$ 17.75	$ 33.94

In certain circumstances, namely if the total value of the Federated common stock to be received in the merger falls below 40% of the total consideration paid on the closing date, the merger may be taxable for federal income tax purposes. In that event, Federated may elect to pay more in Federated common stock to maintain the nontaxable status of the merger or, if Federated does not so elect, May may elect to increase the cash consideration received in the merger for each share of May common stock to $18.75.

No fractional shares of Federated common stock will be issued in the merger. All fractional shares of Federated common stock that a May stockholder is entitled to receive will be aggregated. Any fractional shares of Federated common stock resulting from this aggregation will be paid in cash, without interest, in an amount equal to the fractional share interest multiplied by the average closing price for a share of Federated common stock as reported on the NYSE Composite Transactions Reports for the ten trading days prior to, but not including, the closing date of the merger.

Federated will fund the cash portion of the merger consideration from cash on hand, cash from operations, borrowings under existing or new credit facilities, the issuance of long-term debt or other securities or a combination of the foregoing. Federated may also sell a portion of its credit card related assets and proceeds from such a transaction may be used to fund the cash portion of the merger consideration.

May Equity Awards

In general, upon completion of the merger, options to purchase shares of May common stock granted by May to its employees will be assumed by Federated and converted into options to purchase shares of Federated common stock. Federated has agreed to assume each of May s stock option plans at the effective time of the merger. Each unvested May stock option outstanding under any May stock option plan will become fully vested and exercisable in connection with the merger, as described herein.

Restricted shares of May common stock granted by May to its employees and directors will become fully vested in connection with the merger and the holders of those shares will be entitled to receive the merger consideration with respect to those shares upon completion of the merger.

For a full description of the treatment of May equity awards, see The Merger Executive Employment and Severance Agreements Equity-Based Awards beginning on page 90.

May ESOP Preference Shares

In connection with the merger and in accordance with the terms and conditions of the May ESOP preference shares, each issued and outstanding May ESOP preference share will be converted immediately prior to the effectiveness of the merger into shares of May common stock, and such shares of May common stock will be converted into the merger consideration upon completion of the merger, as described herein.

Recommendation of the Boards of Directors to May and Federated Stockholders (beginning on page 59)

May Stockholders. The May board of directors believes that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable and fair to, and in the best interests of, May and its stockholders and has approved the merger agreement and the transactions contemplated by the merger agreement, including the merger. The May board of directors has resolved to recommend that May stockholders vote **FOR** the approval and adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger.

Federated Stockholders. The Federated board of directors believes that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable and fair to, and in the best interests of, Federated and its stockholders and has approved the merger agreement and the transactions contemplated by the merger agreement, including the merger. The Federated board of directors has resolved to recommend that Federated stockholders vote **FOR** the issuance of Federated common stock pursuant to the merger agreement.

Opinions of our Financial Advisors (beginning on page 65)

Opinions of May s Financial Advisors. In deciding to approve the merger agreement, the May board of directors considered the opinion of May s financial advisor, Morgan Stanley & Co. Incorporated, which is referred to as Morgan Stanley. The May board of directors received a written opinion from Morgan Stanley to the effect that, as of

February 27, 2005, and based upon and subject to the various considerations, assumptions and limitations described in its opinion, the merger consideration to be received by holders of shares of May common stock pursuant to the merger agreement was fair, from a financial point of view, to such holders. The full text of Morgan Stanley s written opinion is attached to this joint proxy statement/prospectus as Annex B. May encourages you to read this opinion carefully in its entirety for a description of the procedures followed, assumptions made, matters considered and limitations on the review undertaken. Morgan Stanley s opinion is addressed to the May board of directors and is one of many factors considered by the May board of directors in deciding to approve the merger. Morgan Stanley s opinion does not constitute a recommendation to any stockholder as to how such stockholder should vote or whether such stockholders should take any other action relating to the transaction. For its services,

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Morgan Stanley will be entitled to receive a transaction fee, the principal portion of which is payable upon the completion of the transaction.

In deciding to approve the merger agreement, the May board of directors also considered the opinion of May s financial advisor, Peter J. Solomon Company, L.P., which is referred to as Peter J. Solomon Company or PJSC. The May board of directors received a written opinion from Peter J. Solomon Company to the effect that, as of February 27, 2005, and based upon and subject to the various assumptions made, matters considered and limitations described in its opinion, the consideration proposed to be received by holders of May common stock in connection with the merger was fair from a financial point of view to such holders. The full text of Peter J. Solomon Company s written opinion is attached to this joint proxy statement/prospectus as Annex C. May encourages you to read this opinion carefully in its entirety for a description of the procedures followed, assumptions made, matters considered and limitations on the review undertaken. Peter J. Solomon Company s opinion is addressed to the May board of directors and is one of many factors considered by the May board of directors in deciding to approve the merger. Peter J. Solomon Company s opinion does not constitute a recommendation to any stockholder as to how such stockholder should vote or act on any matter relating to the merger. Under the terms of its engagement with May, Peter J. Solomon Company received a customary fee for its financial advisory services in connection with the merger, all of which was payable upon the delivery of Peter J. Solomon Company s opinion.

Opinion of Federated s Financial Advisor. Goldman, Sachs & Co., which is referred to as Goldman Sachs, acted as financial advisor to Federated in connection with the transaction. Goldman Sachs delivered an oral opinion to Federated s board of directors, subsequently confirmed in writing, to the effect that, as of February 27, 2005, and based upon and subject to the factors and assumptions set forth in the opinion, the $17.75 in cash and 0.3115 shares of Federated common stock to be paid by Federated for each outstanding share of May common stock pursuant to the merger agreement was fair, from a financial point of view, to Federated. The full text of the written opinion of Goldman Sachs, dated February 27, 2005, which sets forth the assumptions made, procedures followed, matters considered, and limitations on the review undertaken in connection with the opinion, is attached as Annex D to this joint proxy statement/prospectus. Goldman Sachs provided its opinion for the information and assistance of Federated s board of directors in connection with its consideration of the merger. Goldman Sachs opinion is not a recommendation as to how any holder of Federated common stock should vote with respect to the merger. For its services, Goldman Sachs will be entitled to receive a transaction fee, the principal portion of which is payable upon the completion of the transaction.

Record Date; Outstanding Shares; Shares Entitled to Vote (beginning on page 43 for Federated and 36 for May)

Federated Stockholders. The record date for the meeting for Federated stockholders was [___], 2005. This means that you must have been a stockholder of record of Federated s common stock at the close of business on [___], 2005, in order to vote at the annual meeting. You are entitled to one vote for each share of common stock you own. On Federated s record date, Federated s voting securities carried [___] votes, which consisted of [___] shares of common stock (excluding [___] shares of treasury stock).

May Stockholders. The record date for the meeting for May stockholders was [___], 2005. This means that you must have been a stockholder of record of May s common stock or of May s ESOP preference shares at the close of business on [___], 2005, in order to vote at the annual meeting. You are entitled to one vote for each share of common stock you own. On May s record date, May s voting securities carried [___] votes, which consisted of [___] shares of common stock (excluding [___] shares of treasury stock) and [___] ESOP preference shares, which carry [___] votes.

Stock Ownership of Directors and Executive Officers (beginning on page 147 for Federated and 173 for May)

May. At the close of business on the record date for the May annual meeting, directors and executive officers of May and their affiliates beneficially owned and were entitled to vote approximately [___] shares of May common stock, collectively representing less than 1% of the shares of May common stock outstanding on that date.

Federated. At the close of business on the record date for the Federated annual meeting, directors and executive officers of Federated and their affiliates beneficially owned and were entitled to vote approximately [___] shares of Federated common stock, collectively representing approximately [___]% of the shares of Federated common stock outstanding on that date.

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Ownership of Federated After the Merger

Based on the number of shares of Federated and May common stock outstanding on their respective record dates, after completion of the merger, Federated expects to issue approximately 96 million shares of Federated common stock and former May stockholders will own approximately 35% of the then-outstanding shares of Federated common stock.

Interests of May Directors and Executive Officers in the Merger (beginning on page 89)

When considering the recommendation of its board of directors with respect to the merger agreement and the transactions contemplated by the merger agreement, including the merger, May stockholders should be aware that some directors and executive officers of May have interests in the transactions contemplated by the merger agreement that may be different from, or in addition to, their interests as stockholders and the interests of May stockholders generally. These interests include:

- payments under employment agreements and severance agreements which, in either case, may be triggered if the officer s employment is terminated under certain circumstances following the merger;
- potential appointment to the Federated board of directors following the merger;
- potentially becoming executive officers, employees or consultants of Federated after the transaction;
- accelerated vesting and exercisability of May stock options and restricted stock issued under May s equity compensation plans;
- continued benefits under May plans for one year following the effective date of the merger, as well as continued compensation and benefits from one year following the effective date of the merger through the third year following the effective date of the merger that are in the aggregate substantially comparable to that provided by May immediately prior to the effective time of the merger; and
- Federated s agreement to indemnify each present and former May officer and director against liabilities arising out of that person s services as an officer or director, and maintain directors and officers liability insurance for a period of six years after closing to cover May directors and officers, subject to certain limitations.

The May board of directors was aware of these arrangements during its deliberations on the merits of the merger and in deciding to recommend that you vote for the approval and adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger, at the May annual meeting.

Federated Board of Directors After the Merger (beginning on page 89)

The members of the Federated board of directors who are in office immediately prior to the merger are expected to remain as members of the Federated board of directors after the completion of the merger. Federated will also select two individuals who were directors of May as of the date of the merger agreement and who are recommended by the Nominating and Corporate Governance Committee of Federated s board of directors, and Federated shall use its reasonable best efforts to appoint these individuals, at the effective time of the merger, to the Federated board of directors.

Listing of Federated Common Stock and Delisting of May Common Stock

Application will be made to have the shares of Federated common stock issued in the merger approved for listing on the NYSE, where Federated common stock currently is traded under the symbol FD. If the merger is completed, May common stock will no longer be listed on the NYSE and will be deregistered under the Securities

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Exchange Act of 1934, as amended, which is referred to as the Exchange Act, and May will no longer file periodic reports with the SEC.

Appraisal Rights (beginning on page 94)

Federated. Under Delaware law, holders of Federated common stock are not entitled to appraisal rights in connection with the issuance of Federated common stock in the merger or in connection with any other proposal to be voted on at the Federated annual meeting.

May. Holders of May common stock who do not wish to accept the consideration payable pursuant to the merger may seek, under Section 262 of the DGCL, judicial appraisal of the fair value of their shares by the Delaware Court of Chancery. This value could be more than, less than or the same as the merger consideration for the May common stock. Failure to strictly comply with all the procedures required by Section 262 of the DGCL will result in a loss of the right to appraisal.

Merely voting against the merger will not preserve the right of May stockholders to appraisal under Delaware law. Also, because a submitted proxy not marked against or abstain will be voted for the proposal to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger, the submission of a proxy not marked against or abstain will result in the waiver of appraisal rights. May stockholders who hold shares in the name of a broker or other nominee must instruct their nominee to take the steps necessary to enable them to demand appraisal for their shares.

Holders of May common stock are not entitled to appraisal rights in connection with any other proposals to be voted on at the May annual meeting.

Annex E to this joint proxy statement/prospectus contains the full text of Section 262 of the DGCL, which relates to the rights of appraisal. We encourage you to read these provisions carefully and in their entirety.

Conditions to Completion of the Merger (beginning on page 116)

Completion of the merger depends on a number of conditions being satisfied or waived. These conditions include the following:

- approval and adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger, at the May annual meeting by the May stockholders;
- authorization of the issuance of Federated common stock pursuant to the terms of the merger agreement at the Federated annual meeting by the Federated stockholders;
- absence of any order or injunction of any governmental authority that would prohibit the consummation of the merger;
- approval for listing of Federated common stock to be issued in the merger on the New York Stock Exchange upon official notice of issuance;
- the waiting period (including any extension thereof) applicable to the consummation of the merger under the Hart-Scott-Rodino Act, which is referred to as the HSR Act, must have expired or been terminated;

continued effectiveness of the registration statement of which this joint proxy statement/prospectus is a part and the absence of a stop order or proceeding seeking a stop order by the SEC suspending the effectiveness of the registration statement;

accuracy of each party s representations and warranties in the merger agreement, except as would not have a material adverse effect on the party making the representations;

performance in all material respects of each party s covenants in the merger agreement, and performance of each party s pre-closing operating covenants in the merger agreement, except as would not have a material adverse effect on the party from whom performance is due; and

delivery by both parties of customary officer s certificates and tax opinions.

Antitrust Clearance

The completion of the merger is subject to compliance with the HSR Act. The notifications required under the HSR Act to the U.S. Federal Trade Commission, or the FTC, and the Antitrust Division of the U.S. Department of Justice, or the Antitrust Division, were filed on March 8, 2005.

Federated and May have agreed to use their reasonable best efforts to take, or cause to be taken, all actions necessary, proper or advisable under applicable law and regulations, including the HSR Act, to complete the merger as promptly as practicable, but in no event later than October 3, 2005, which date may be extended to August 31, 2006, in circumstances described below, in Summary Termination of the Merger Agreement beginning on page 18 and in The Merger Agreement Termination of the Merger Agreement beginning on page 119. We refer to this October 3, 2005 date, as it may be extended, as the outside date.

Among other things, Federated and its subsidiaries have agreed to take any and all actions necessary to ensure that:

no requirement for non-action, a waiver, consent or approval of the FTC, the Antitrust Division, any State Attorney General or other governmental entity;

no decree, judgment, injunction, temporary restraining order or any other order in any suit or proceeding; and

no other matter relating to any antitrust or competition law or regulation,

would preclude completion of the merger by the outside date under the merger agreement, provided that in no event shall Federated be required to dispose of, or hold separate, assets of May, Federated or their respective subsidiaries which, in the aggregate, accounted for annual net sales for the most recently completed fiscal year exceeding $4 billion.

Termination of the Merger Agreement (beginning on page 119)

Before the effective time of the merger, the merger agreement may be terminated:

by the mutual written consent of Federated and May;

by either Federated or May if:

the parties fail to consummate the merger on or before the outside date of October 3, 2005, or such later date, if any, as Federated and May may agree, unless the failure to consummate the merger by the outside date is the result of a breach of the merger agreement by the party seeking the termination; provided that the outside date will be extended to August 31, 2006, if all conditions to the closing have been fulfilled other than the absence of an order or injunction by a governmental entity prohibiting completion of the merger or the expiration or termination of the waiting period under HSR;

the Federated annual meeting has concluded and the authorization of the issuance of shares of Federated common stock pursuant to the merger agreement by the Federated stockholders was not obtained;

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the May annual meeting has concluded and the approval and adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger, by the May stockholders was not obtained; or

any governmental entity issues an order or injunction that permanently prohibits the merger and such order or injunction has become final and non-appealable unless the order or injunction results from a breach of the merger agreement by the party seeking the termination;

by May if:

Federated or Merger Sub breaches its representations or warranties or breaches or fails to perform its covenants in the merger agreement, which breach or failure to perform results in a failure of certain of the conditions to the completion of the merger being satisfied and such breach or failure to perform is not cured within 60 days after the receipt of written notice thereof or is incapable of being cured by the outside date;

prior to the receipt of its stockholder approval, May (i) receives a superior proposal, (ii) provides Federated with a written notice that the board of directors has determined, in good faith, after consultation with outside counsel, that it is necessary for the proper discharge of its fiduciary duties under applicable law and (iii) thereafter satisfies the conditions for withdrawing (or modifying in a manner adverse to Federated) the recommendation by its board of directors of the merger or recommending such superior proposal; provided that May pays a $350 million termination fee to Federated and is not in material breach of its non-solicitation obligations under the merger agreement; or

the Federated board of directors or any committee thereof withdraws or modifies or publicly proposes to withdraw or modify its recommendation that Federated s stockholders authorize the issuance of Federated common stock in the merger;

by Federated if:

May breaches its representations or warranties or breaches or fails to perform its covenants in the merger agreement, which breach or failure to perform results in a failure of certain of the conditions to the completion of the merger being satisfied, provided such breach or failure to perform is not cured within 60 days after receipt of a written notice thereof or is incapable of being cured by the outside date; or

the May board of directors or any committee thereof (i) withdraws or adversely modifies or publicly proposes to withdraw or adversely modify, its recommendation of the merger agreement and the transactions contemplated by the merger agreement, including the merger; or (ii) recommends, adopts or approves, or proposes publicly to recommend, adopt or approve a takeover proposal other than the merger agreement.

Termination Fees (beginning on page 119)

May

May must pay Federated a $350 million termination fee if the merger agreement is terminated:

by Federated if the May board of directors or any committee thereof (i) withdraws or adversely modifies or publicly proposes to withdraw or adversely modify, its recommendation of the merger agreement and the transactions contemplated by the merger agreement, including the merger, or (ii) recommends, adopts or approves, or proposes publicly to recommend, adopt or approve a takeover proposal other than the merger agreement;

by May if, prior to the receipt of its stockholder approval, May (i) receives a superior proposal, (ii) provides Federated with a written notice that the board of directors has determined, in good faith, after consultation with outside counsel, that it is necessary for the proper discharge of its fiduciary duties under applicable law and (iii) thereafter satisfies the conditions for withdrawing (or modifying in a manner adverse to Federated) the recommendation by its board of directors of the merger or recommending such superior proposal; provided that May is not in material breach of its non-solicitation obligations under the merger agreement; or

(i) because (x) the merger has not been consummated by the outside date; (y) the May annual meeting has concluded and the approval and adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger, by the May stockholders was not obtained; or (z) May breaches its representations or warranties or breaches or fails to perform its covenants in the merger agreement, which breach or failure to perform results in a failure of certain of the conditions to the completion of the merger being satisfied, provided such breach or failure to perform is not cured within 60 days after receipt of a written notice thereof or is incapable of being cured by the outside date; (ii) at the time of such termination, Federated is not in breach in any material respect of any of its representations, warranties or covenants contained in the merger agreement; (iii) prior to such termination, any person publicly announces an alternative takeover proposal relating to May that has not been withdrawn; and (iv) within 12 months of such termination May enters into a definitive agreement with respect to, or consummates, an alternative takeover proposal relating to May.

Federated

Federated must pay May a termination fee:

of $350 million if the merger agreement is terminated by May because the Federated board of directors or any committee thereof has withdrawn or modified, or publicly proposed to withdraw or modify, its recommendation that Federated stockholders authorize the issuance of Federated common stock in the merger;

of $350 million if the merger agreement is terminated by either party because the merger was not consummated by the outside date and at the time of the termination all of the conditions precedent to the obligations of the parties to consummate the merger agreement had been satisfied except for:

the condition that none of the parties shall be subject to any order or injunction of any government entity that prohibits the consummation of the merger, and the condition that the waiting period applicable to the consummation of the merger under the HSR Act shall have expired or been terminated;

the condition that the shares of Federated common stock issuable to May s stockholders as contemplated in the merger agreement shall have been approved for listing on the NYSE, if such condition is capable of being satisfied at the time of termination, or the condition that Federated shall have received from Jones Day, an opinion dated as of the closing date, to the effect that the merger will constitute a reorganization within the meaning of Section 368(a) of the Code, if such condition is capable of being satisfied at the time of termination; and

any other conditions that are capable of being satisfied on the date of termination but by their terms cannot be satisfied until the closing date.

equal to the product of $20 million and the quotient (rounded to the nearest fourth decimal point) determined by dividing the number of calendar days between the date of the agreement and the date of the termination by 30, provided however that the amount of the fee will not be less than $150 million or more than $350 million, if the merger agreement is terminated by either party because any government entity issues an order or injunction that permanently prohibits the merger, such order or injunction becomes final and non-appealable, and at the time of the termination all of the conditions precedent to the obligation to consummate the merger agreement had been satisfied except for:

the condition that none of the parties shall be subject to any order or injunction of any government entity that prohibits the consummation of the merger, and the condition that the waiting period applicable to the consummation of the merger under the HSR Act shall have expired or been terminated; and the condition that the shares of Federated common stock issuable to May s stockholders as contemplated in the merger agreement shall have been approved for listing on the NYSE, if such condition is capable of being satisfied at the time of termination, or the condition that Federated shall have received from Jones Day, an opinion dated as of the closing date, to the effect that the merger will constitute a reorganization within the meaning of Section 368(a) of the Code, if such condition is capable of being satisfied at the time of termination; and

any other conditions that are capable of being satisfied on the date of termination but by their terms cannot be satisfied until the closing date.

No Solicitation by May (beginning on page 108)

The merger agreement restricts the ability of May to solicit or engage in discussions or negotiations with a third party regarding a proposal to acquire a significant interest in May. However, if May receives an acquisition proposal from a third party that May s board of directors determines in good faith (after consultation with its outside counsel and its financial advisor) constitutes a superior proposal or would reasonably be expected to lead to a superior proposal, May may furnish nonpublic information to that third party and engage in negotiations regarding an acquisition proposal with that third party, subject to specified conditions.

Material United States Federal Income Tax Consequences (beginning on page 98)

Federated and May intend for the merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. If the merger qualifies as a reorganization, the U.S. federal income tax consequences to May stockholders generally will be as follows:

May stockholders <u>will not recognize</u> any gain or loss in respect of the stock portion of the merger consideration, except for gain or loss resulting from the receipt of cash in lieu of a fractional share of Federated common stock; and

May stockholders <u>will recognize</u> capital gain, but not loss, in an amount equal to the lesser of (i) the cash they will receive in the merger (excluding any cash in lieu of a fractional share of Federated common stock) and (ii) the excess of the sum of the fair market value of the Federated common stock and cash they will receive (excluding any cash received in lieu of a fractional share of Federated common stock) over their adjusted tax basis in their May common stock.

Tax matters are complicated, and the tax consequences of the merger to each May stockholder will depend on the facts of each stockholder s situation. May stockholders are urged to read carefully the discussion in the section entitled Material United States Federal Income Tax Consequences beginning on page 98 and to consult their own tax advisors for a full understanding of the tax consequences of their participation in the merger.

Accounting Treatment

The merger will be accounted for as a business combination using the purchase method of accounting. Federated will be the acquirer for financial accounting purposes.

Risks

In evaluating the merger, the merger agreement or the issuance of shares of Federated common stock in the merger, you should carefully read this joint proxy statement/prospectus and especially consider the factors discussed in the section entitled Risk Factors beginning on page 30.

Litigation Related to the Merger

As of the date of this joint proxy statement/prospectus, May and Federated are aware of one purported class action lawsuit that has been filed against May and its board of directors in connection with the merger. Among other things, the complaint in the lawsuit requests an order to prevent the closing of the merger. May believes that the lawsuit is without merit and intends to contest it vigorously.

Transition Leadership Team

In connection with the merger, Federated and May will be establishing a Transition Leadership Team, effective April 1, 2005, to plan for the integration of Federated and May. The team will be comprised of the following individuals from both Federated and May:

Federated	May
Tom Cole, Vice Chair	John Dunham, Chairman, President and Chief Executive Officer
Dennis Broderick, Senior Vice President, General Counsel and Secretary	Alan Charlson, Senior Vice President and General Counsel
David Clark, Senior Vice President, Human Resources	John Danahy, Chairman, May Merchandising Company and May Department Stores International
Jim Gray, President and Chief Operating Officer, Macy s East	Tom Fingleton, Executive Vice President and Chief Financial Officer
Karen Hoguet, Senior Vice President and Chief Financial Officer	Brian Keck, Senior Vice President, Human Resources
Len Marcus, President and Chief Operating Officer, Macy s Merchandising Group	
Peter Sachse, President and Chief Marketing Officer, Macy s Corporate Marketing	

Comparison of Rights of Stockholders (beginning on page 187)

As a result of the merger, the holders of May common stock will become holders of Federated common stock. Following the merger, May stockholders will have different rights as stockholders of Federated than as stockholders of May due to differences between the certificates of incorporation and by-laws of Federated and May.

For a summary of the material differences between the rights of May stockholders and Federated stockholders, see Comparison of Rights of Stockholders beginning on page 187.

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FINANCIAL SUMMARY

Federated Market Price Data and Dividends

Federated common stock is traded on the New York Stock Exchange under the symbol FD. The following table shows for the periods indicated the high and low sales prices for Federated common stock as reported on the New York Stock Exchange.

Fiscal Year Ended	Price Range of Common Stock High	Price Range of Common Stock Low
February 1, 2003:		
First Quarter	$ 44.26	$ 36.83
Second Quarter	44.10	31.39
Third Quarter	38.13	23.59
Fourth Quarter	34.75	25.50
January 31, 2004:		
First Quarter	30.91	23.51
Second Quarter	40.90	29.93
Third Quarter	47.93	38.50
Fourth Quarter	50.60	42.54
January 29, 2005:		
First Quarter	55.06	46.95
Second Quarter	51.07	44.07
Third Quarter	51.10	42.80
Fourth Quarter	59.40	49.33
January 28, 2006:		
First Quarter (through March 29, 2005)	64.54	54.90

The last reported sales prices of Federated common stock on the New York Stock Exchange on February 25, 2005, and March 29, 2005, were $56.79 and $61.67, respectively. February 25, 2005, was the last full trading day prior to the public announcement of the merger. March 29, 2005, was the last full trading day prior to the filing of this joint proxy statement/prospectus with the SEC.

The Federated board of directors has the power to determine the amount and frequency of the payment of dividends. Decisions regarding whether or not to pay dividends and the amount of any dividends are based on compliance with the DGCL, compliance with agreements governing Federated s indebtedness, earnings, cash requirements, results of operations, cash flows, financial condition and other factors that the board of directors considers important. Federated initiated a quarterly dividend of $0.125 per share in the second quarter of 2003, and increased that dividend to $0.135 per share in the second quarter of 2004. Under the merger agreement, Federated is permitted to issue a quarterly dividend not to exceed $0.14 per share during the period before the effective date of the merger. In addition, Federated has agreed to increase its quarterly dividend to $0.25 per share, beginning with the first quarterly dividend with a record date on or after the effective date of the merger. While Federated intends to maintain dividends at this level for the foreseeable future, it cannot assure that it will continue to pay dividends at this level, or at all.

May Market Price Data and Dividends

May common stock is traded on the New York Stock Exchange under the symbol MAY. The following table shows for the periods indicated the high and low sales prices for May common stock on the New York Stock Exchange.

Fiscal Year Ended	Price Range of Common Stock High	Price Range of Common Stock Low
February 1, 2003:		
First Quarter	$ 37.75	$ 33.04
Second Quarter	37.08	25.74
Third Quarter	30.50	20.10
Fourth Quarter	26.10	20.08
January 31, 2004:		
First Quarter	21.72	17.81
Second Quarter	25.34	20.02
Third Quarter	28.20	23.70
Fourth Quarter	34.06	26.37
January 29, 2005:		
First Quarter	36.48	29.84
Second Quarter	30.80	24.62
Third Quarter	26.79	23.04
Fourth Quarter	36.45	25.63
January 28, 2006:		
First Quarter (through March 29, 2005)	37.40	30.55

The last reported sales prices of May common stock on the New York Stock Exchange on February 25, 2005, and March 29, 2005, were $35.35 and $36.52, respectively. February 25, 2005, was the last full trading day prior to the public announcement of the merger. March 29, 2005, was the last full trading day prior to the filing of this joint proxy statement/prospectus with the SEC.

The May board of directors has the power to determine the amount and frequency of the payment of dividends. Decisions regarding whether or not to pay dividends and the amount of any dividends are based on compliance with the DGCL, compliance with agreements governing May s indebtedness, earnings, cash requirements, results of operations, cash flows, financial condition and other factors that the board of directors considers important. May paid an annual dividend of $0.97 per share in 2004. Under the merger agreement, May is permitted to issue a quarterly dividend not to exceed $0.245 per share during the period before the effective date of the merger. May has consistently paid dividends over the past five years, with dividends increasing one cent per share in each of the last four years. While May anticipates that if the merger were not consummated it would continue to pay dividends at the current level, it cannot assure that it would continue to pay dividends at this level, or at all.

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Selected Historical Financial Data of Federated

The following table shows selected historical financial data for Federated. The data as of and for each of the five years ended January 29, 2005, were derived from Federated s audited consolidated financial statements.

Detailed historical financial information is included in the audited consolidated balance sheets as of January 29, 2005, and January 31, 2004, and the related consolidated statements of operations, shareholders equity and cash flows for each of the years in the three-year period ended January 29, 2005 included in Federated s Annual Report on Form 10-K for the fiscal year ended January 29, 2005, filed on March 28, 2005. You should read the following selected financial data together with Federated s historical consolidated financial statements, including the related notes, and the other information contained or incorporated by reference in this joint proxy statement/prospectus. See Where You Can Find More Information beginning on page 196.

	Year Ended,				
	January 29, 2005	January 31, 2004	February 1, 2003	February 2, 2002	February 3, 2001
	(in millions, except per share data)				
Consolidated Statement of Operations Data:					
Net Sales	$ 15,630	$ 15,264	$ 15,435	$ 15,651	$ 16,638
Cost of sales	9,297	9,099	9,255	9,584	9,955
Gross margin	6,333	6,165	6,180	6,067	6,683
Selling, general and administrative expenses	4,933	4,824	4,837	4,801	4,912
Asset impairment and restructuring charges				162	80
Operating income	1,400	1,341	1,343	1,104	1,691
Interest expense	(299)	(266)	(311)	(347)	(327)
Interest income	15	9	16	7	6
Income from continuing operations before income taxes	1,116	1,084	1,048	764	1,370
Federal, state and local income tax expense	(427)	(391)	(410)	(256)	(549)
Income from continuing operations	689	693	638	508	821
Discontinued operations			180	(784)	(1,005)
Net income (loss)	$ 689	$ 693	$ 818	$ (276)	$ (184)
Basic earnings (loss) per share:					
Income from continuing operations	$ 3.93	$ 3.76	$ 3.23	$ 2.60	$ 4.01
Net income (loss)	3.93	3.76	4.15	$ (1.41)	$ (.90)
Diluted earnings (loss) per share:					
Income from continuing operations	$ 3.86	$ 3.71	$ 3.21	$ 2.54	$ 3.97
Net income (loss)	3.86	3.71	4.12	(1.38)	(.89)
Average number of diluted shares outstanding	174.5	183.8	196.6	195.1	204.3
Cash dividends paid per share	$ .53	$ .375	$	$	$

Depreciation and amortization	$ 737	$ 710	$ 680	$ 689	$ 651
Capital expenditures	$ 548	$ 568	$ 627	$ 651	$ 786
Balance Sheet Data (at year end):					
Cash and cash equivalents	$ 868	$ 925	$ 716	$ 636	$ 222
Total assets	14,885	14,550	14,441	16,112	17,012
Short-term debt	1,242	908	946	1,012	1,117
Long-term debt	2,637	3,151	3,408	3,859	3,845
Shareholders equity	6,167	5,940	5,762	5,564	5,822

Selected Historical Financial Data of May

The following table shows selected historical financial data for May. The data as of and for each of the five years ended January 29, 2005, were derived from May s audited consolidated financial statements.

Detailed historical financial information is included in the audited consolidated balance sheets as of January 29, 2005, and January 31, 2004, and the related consolidated statements of operations, shareholders equity and cash flows for each of the years in the three-year period ended January 29, 2005, included in May s Annual Report on Form 10-K for the fiscal year ended January 29, 2005, filed on March 25, 2005. You should read the following selected financial data together with May s historical consolidated financial statements, including the related notes, and the other information contained or incorporated by reference in this joint proxy statement/prospectus. See Where You Can Find More Information beginning on page 196.

	Year Ended,				
	January 29, 2005	**January 31, 2004**	**February 1, 2003**	**February 2, 2002**	**February 3, 2001**
	(in millions, except per share data)				
Statement of Operations Data:					
Net sales	$ 14,441	$ 13,343	$ 13,491	$ 13,883	$ 14,210
Net Earnings	524	434	542	703	858
Balance Sheet Data:					
Total assets	$ 15,163	$ 12,122	$ 12,030	$ 11,964	$ 11,574
Long-term debt and preference stock	5,873	4,032	4,300	4,689	4,833
Shareowners equity	4,475	4,191	4,035	3,841	3,855
Other Data:					
Earnings per share diluted:					
Net earnings per share diluted	$ 1.70	$ 1.41	$ 1.76	$ 2.21	$ 2.62
Dividends per common share	$ .97	$ .96	$ .95	$ .94	$ .93

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Selected Unaudited Pro Forma Financial Data of Federated

The following selected unaudited pro forma financial data of Federated give effect to the merger as if the merger had been completed as of February 1, 2004, with respect to the pro forma results of operations data, and as of January 29, 2005, with respect to the pro forma balance sheet data.

The following selected unaudited pro forma financial data should be read in conjunction with the historical consolidated financial statements and notes thereto of Federated and May, which are incorporated by reference in this joint proxy statement/prospectus, and the other information contained or incorporated by reference in this joint proxy statement/prospectus. See Where You Can Find More Information beginning on page 196.

The following selected unaudited pro forma financial data reflect adjustments, which are based upon preliminary estimates, to allocate the purchase price to May s net assets. The purchase price allocation reflected herein is preliminary, and final allocation of the purchase price will be based upon the actual purchase price and the actual assets and liabilities of May as of the date of the completion of the merger. Accordingly, the actual purchase accounting adjustments may differ from the pro forma adjustments reflected herein.

The following selected unaudited pro forma financial data are presented for illustrative purposes only and are not necessarily indicative of what Federated s actual financial position or results of operations would have been had the merger been completed on the dates indicated above. The following selected unaudited pro forma financial data do not give effect to (1) Federated s or May s results of operations or other transactions or developments since January 29, 2005, (2) the synergies, cost savings and one-time charges expected to result from the merger, or (3) the effects of transactions or developments, including sales of stores or other assets, which may occur subsequent to the merger. In addition, the following selected unaudited pro forma financial data assume the absence of any adjustment to the purchase price provided for in the merger agreement. The foregoing matters, and the possible sale by Federated of its credit card related assets and use of the proceeds thereof to fund the cash portion of the purchase price payable in the merger, could cause both Federated s pro forma historical financial position and results of operations, and Federated s actual future financial position and results of operations, to differ materially from those presented in the following selected unaudited pro forma financial data. See Risk Factors The unaudited pro forma financial data included in this joint proxy statement/prospectus are preliminary and Federated s actual financial position and results of operations may differ materially from the unaudited pro forma financial data included in this joint proxy statement/prospectus on page 31.

	Year Ended January 29, 2005 (in millions, except per share data)	
Results of Operations Data:		
Net sales	$	31,064
Earnings from continuing operations		1,074
Diluted earnings per share from continuing operations		3.90

	At January 29, 2005 (in millions)	
Balance Sheet Data:		
Total assets	$	36,986
Short-term debt		3,490

Long-term debt	12,289
Total debt	15,779
Total shareholders equity	11,935

COMPARATIVE PER SHARE INFORMATION

The following table presents income from continuing operations, cash dividends declared and book value per common share data separately for Federated and May on a historical basis, on an unaudited pro forma combined basis per Federated common share and on an unaudited pro forma combined basis per May equivalent common share. The following unaudited pro forma data give effect to the merger as if the merger had been completed as of February 1, 2004, with respect to the pro forma income from continuing operations per common share data, and as of January 29, 2005, with respect to the pro forma book value per common share data. The following selected unaudited pro forma financial data should be read in conjunction with the historical consolidated financial statements and notes thereto of Federated and May, which are incorporated by reference in this joint proxy statement/prospectus, and the other information contained or incorporated by reference in this joint proxy statement/prospectus. See Where You Can Find More Information beginning on page 196.

The unaudited pro forma combined data per Federated common share are based upon the historical weighted average number of Federated common shares outstanding, adjusted to include the estimated number of Federated common shares to be issued in the merger. See Pro Forma Financial Data beginning on page 175. We have based the unaudited pro forma combined data per May equivalent common share on the unaudited pro forma combined per Federated common share amounts, multiplied by the exchange ratio of 0.3115.

The following unaudited pro forma data reflect adjustments, which are based upon preliminary estimates, to allocate the purchase price to May s net assets. The purchase price allocation reflected herein is preliminary, and final allocation of the purchase price will be based upon the actual purchase price and the actual assets and liabilities of May as of the date of the completion of the merger. Accordingly, the actual purchase accounting adjustments may differ from the pro forma adjustments reflected herein.

The following unaudited pro forma data are presented for illustrative purposes only and are not necessarily indicative of what Federated s actual financial position or results of operations would have been had the merger been completed on the dates indicated above. The following unaudited pro forma data do not give effect to (1) Federated s or May s results of operations or other transactions or developments since January 29, 2005, (2) the synergies, cost savings and one-time charges expected to result from the merger, or (3) the effects of transactions or developments, including sales of stores or other assets, which may occur subsequent to the merger. In addition, the following unaudited pro forma data assume the absence of any adjustment to the purchase price provided for in the merger agreement. The foregoing matters, and the possible sale by Federated of its credit card related assets and use of the proceeds thereof to fund the cash portion of the purchase price payable in the merger, could cause both Federated s pro forma historical financial position and results of operations, and Federated s actual future financial position and results of operations, to differ materially from those presented in the following selected unaudited pro forma financial data. See Risk Factors The unaudited pro forma financial data included in this joint proxy statement/prospectus are preliminary and Federated s actual financial position and results of operations may differ materially from the unaudited pro forma financial data included in this joint proxy statement/prospectus on page 31.

	Federated Historical Per	May Historical Per Share Data	Pro Forma Combined Data Per Federated	Pro Forma Combined Data Per May Equivalent Common Share

	Share Data		Common Share	
At or for the Year Ended January 29, 2005:				
Income from continuing operations per common share:				
Basic	$ 3.93	$ 1.74	$ 3.96	$ 1.23
Diluted	3.86	1.70	3.90	1.21
Cash dividends declared per common share	.53	.97	1.50	.47
Book value per common share	36.89	15.27	45.37	14.13

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COMPARATIVE MARKET VALUE INFORMATION

The following table presents:

the closing prices per share and aggregate market value of Federated common stock and May common stock, in each case based on closing prices for those shares on the New York Stock Exchange, on February 25, 2005, the last trading day prior to the public announcement of the proposed merger, and March 24, 2005, the last trading day for which this information could be calculated prior to the date of this joint proxy statement/prospectus; and

the equivalent price per share and equivalent market value of shares of May common stock, based on the exchange ratio of 0.3115 and the closing price for Federated common stock on the New York Stock Exchange on March 24, 2005.

	Federated Historical	May Historical	May Equivalent(1)
February 25, 2005			
Closing price per common share	$ 56.79	$ 35.35	$ 35.44
Market value of common shares (in billions)(2)	$ 9.52	$ 10.39	
March 24, 2005			
Closing price per common share	$ 61.07	$ 36.36	$ 36.77
Market value of common shares (in billions)(3)	$ 10.31	$ 10.68	

(1) The May equivalent price per share reflects the fluctuating value of Federated common stock that May stockholders would receive for each share of May common stock if the merger was completed on either February 25, 2005 or March 24, 2005. The May equivalent price per share is equal to the sum of (i) $17.75 and (ii) the closing price of Federated common stock on the applicable date multiplied by 0.3115.

(2) Based on 167,598,278 shares of Federated common stock and 293,834,196 shares of May common stock outstanding and May ESOP preference shares convertible into 14,036,843 shares of May common stock as of February 25, 2005.

(3) Based on 168,894,367 shares of Federated common stock and 296,875,043 shares of May common stock outstanding and May ESOP preference shares convertible into 13,125,653 shares of May common stock as of March 24, 2005.

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RISK FACTORS

In deciding whether to vote for approval and adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger, in the case of May stockholders, or for approval of the issuance of Federated common stock, in the case of Federated stockholders, we urge you to carefully consider all of the information we have included and incorporated by reference in this joint proxy statement/prospectus. See Where You Can Find More Information beginning on page 196. You should also read and consider the risks associated with each of the businesses of Federated and May because these risks will also affect the combined company. These risks can be found respectively in the Federated and May Annual Reports on Form 10-K for the year ended January 29, 2005, which are filed with the SEC and incorporated by reference into this joint proxy statement/prospectus. In addition, we urge you to carefully consider the following material risks relating to the merger and the business of the combined company.

Risks Relating to the Merger

Federated s failure to integrate May successfully and on a timely basis into Federated s operations could reduce Federated s profitability.

Federated expects that the acquisition of May will result in certain synergies, business opportunities and growth prospects. Federated, however, may never realize these expected synergies, business opportunities and growth prospects. Federated may experience increased competition that limits its ability to expand its business, Federated may not be able to capitalize on expected business opportunities including retaining May s current retail customers, assumptions underlying estimates of expected cost savings may be inaccurate, or general industry and business conditions may deteriorate. In addition, integrating operations will require significant efforts and expenses on the part of both Federated and May. Personnel may leave or be terminated because of the merger. Federated s management may have its attention diverted while trying to integrate May. If these factors limit Federated s ability to integrate the operations of May successfully or on a timely basis, Federated s expectations of future results of operations, including certain cost savings and synergies expected to result from the merger, may not be met. In addition, Federated s growth and operating strategies for May s business may be different from the strategies that May currently is pursuing. If Federated s strategies are not the proper strategies for May, it could have a material adverse effect on the business, financial condition and results of operations of Federated.

The merger is subject to certain closing conditions that, if not satisfied or waived, will result in the merger not being completed, which may cause the market price of Federated common stock or May common stock to decline.

The merger is subject to customary conditions to closing, including the receipt of required approvals of the stockholders of May and Federated. If any condition to the merger is not satisfied or, if permissible, waived, the merger will not be completed. In addition, Federated and May may terminate the merger agreement in certain circumstances. If Federated and May do not complete the merger, the market price of Federated common stock or May common stock may fluctuate to the extent that the current market prices of those shares reflect a market assumption that the merger will be completed. Federated and May will also be obligated to pay certain investment banking, financing, legal and accounting fees and related expenses in connection with the merger, whether or not the merger is completed. In addition, Federated and May have each diverted significant management resources in an effort to complete the merger and are each subject to restrictions contained in the merger agreement on the conduct of its business. If the merger is not completed, Federated and May will have incurred significant costs, including the diversion of management resources, for which it will have received little or no benefit. Further, in specified circumstances, May and Federated may be required to pay to the other a termination fee of up to $350 million if the merger agreement is terminated. For a detailed description of the circumstances in which such termination fee will be paid, see The Merger Agreement Termination Fees on page 119.

Whether or not the merger is completed, the announcement and pendency of the merger could cause disruptions in the businesses of Federated and May, which could have an adverse effect on their business and financial results.

Whether or not the merger is completed, the announcement and pendency of the merger could cause disruptions in the businesses of Federated and May. Specifically:

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current and prospective employees may experience uncertainty about their future roles with the combined company, which might adversely affect Federated and May s ability to retain key managers and other employees; and

the attention of management of each of Federated and May may be directed toward the completion of the merger.

Certain directors and executive officers of May have interests and arrangements that may be different from, or in addition to, May stockholders.

When considering the recommendation of the May board of directors with respect to the merger, May stockholders should be aware that some directors and executive officers of May have interests in the merger that may be different from, or in addition to, their interests as stockholders and the interests of stockholders generally. These interests include payments under employment agreements and severance agreements, acceleration of vesting and exercisability of options and restricted stock as a result of the merger and the right to continued indemnification and insurance coverage by Federated for acts or omissions occurring prior to the merger.

As a result of these interests, these directors and executive officers may be more likely to support and to vote to adopt the merger agreement than if they did not have these interests. Stockholders should consider whether these interests may have influenced those directors and officers to support or recommend adoption of the merger agreement. As of the close of business on the record date for the May annual meeting, May directors and executive officers were entitled to vote less than 1% of the then-outstanding shares of May common stock. See The Merger Interests of May Directors and Executive Officers in the Merger on page 89.

The unaudited pro forma financial data included in this joint proxy statement/prospectus are preliminary and Federated s actual financial position and results of operations may differ materially from the unaudited pro forma financial data included in this joint proxy statement/prospectus.

The unaudited pro forma financial data in this joint proxy statement/prospectus reflect adjustments, which are based upon preliminary estimates, to allocate the purchase price to May s net assets. The purchase price allocation reflected in this joint proxy statement/prospectus is preliminary, and final allocation of the purchase price will be based upon the actual purchase price and the actual assets and liabilities of May as of the date of the completion of the merger. Federated may need to revise materially its current estimates of those assets and liabilities as the valuation process and accounting policy review are finalized. Accordingly, the actual purchase accounting adjustments may differ materially from the pro forma adjustments reflected in this joint proxy statement/prospectus.

The unaudited pro forma financial data in this joint proxy statement/prospectus are presented for illustrative purposes only and are not necessarily indicative of what Federated s actual financial position or results of operations would have been had the merger been completed on the dates indicated. The unaudited pro forma financial data in this joint proxy statement/prospectus do not give effect to (1) Federated or May s results of operations or other transactions or developments since January 29, 2005, (2) the synergies, cost savings and one-time charges expected to result from the merger or (3) the effects of transactions or developments, including sales of stores or other assets, which may occur after the merger. In addition, the unaudited pro forma financial data in this joint proxy statement/prospectus assume the absence of any adjustment to the purchase price provided for in the merger agreement. The foregoing matters, Federated s possible sale of its credit card related assets and use of the proceeds thereof to fund the cash portion of the purchase price payable in the merger, and other factors could cause both Federated s pro forma historical financial position and results of operations, and Federated s actual future financial position and results of operations, to differ materially from those presented in the unaudited pro forma financial data in this joint proxy statement/prospectus.

The value of the Federated common stock that May stockholders receive in the merger may be less than the value of such Federated common stock when the merger was publicly announced. Further, at the May annual meeting, May stockholders will not know the exact value of Federated common stock that will be issued in the merger.

The exchange ratio for Federated common stock to be issued in the merger has been fixed. The price of Federated common stock will fluctuate until you receive your shares. Federated and May are working to complete the merger as quickly as possible. However, the time period between the stockholder votes taken at the annual meetings and the completion of the merger will depend upon the status of antitrust clearance that must be obtained prior to the completion of the merger and the satisfaction or waiver of the other conditions described in this joint proxy statement/prospectus, and there is currently no way to predict how long it will take to obtain these approvals. Because the date when the merger is completed may be later than the date of the annual meetings, Federated and May stockholders will not know the exact value of the Federated common stock that will be issued in the merger at the time they vote on the merger proposals. As a result, if the market price of Federated common stock at the completion of the merger is higher or lower than the market price on the date of the May annual meeting, the value of the Federated common stock received by May stockholders in the merger will be higher or lower, respectively, than the value of such Federated common stock on the date of the May annual meeting.

Under certain circumstances relating to the price of Federated common stock, May stockholders could be required to accept $18.75 per share in cash and 0.3115 shares of Federated common stock in a transaction that is currently taxable to such May stockholders.

Generally, in order to preserve the tax-deferral feature of the merger sought by qualifying it as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, the market value of the Federated common stock portion of the total consideration paid in the merger, as of the closing, must represent a sufficiently high proportion of the total consideration to satisfy the so-called continuity of interest requirement for such reorganizations. The continuity of interest requirement would begin to be in doubt if the per share market price of Federated common stock were to deteriorate so substantially that the total common stock portion of the total consideration constituted less than 40% of the total consideration. If the opinions described under the caption Material United States Federal Income Tax Consequences were not able to be delivered by reason of such a price deterioration in Federated common stock, Federated would then have the option to increase the number of shares of Federated common stock issuable in the merger to maintain qualification as a reorganization. If Federated were to decline to make such an election, May would then have the right to require Federated to increase the cash portion of the consideration payable by $1.00 to $18.75 and to complete the merger, notwithstanding that the merger would be fully taxable to May stockholders. May would also have the right to decline to complete the merger. See the Risk Factor immediately above generally describing the risk relating to the value of the Federated common stock that May stockholders receive in the merger, as well as The Merger Agreement Merger Consideration beginning on page 102 and The Merger Agreement Conditions to Completion of the Merger beginning on page 116.

Federated may be required under the merger agreement to dispose of assets that account for up to $4 billion in annual net sales if required by governmental entities to obtain antitrust clearance for the merger.

Each of Federated and May has agreed to use its reasonable best efforts to obtain all governmental clearances or approvals under federal, state or foreign antitrust laws. In connection with obtaining antitrust clearance for the proposed merger, Federated may be required under the merger agreement to dispose of any assets required by governmental entities, but only to the extent such assets do not account for more than $4 billion in net sales for the most recently completed fiscal year. It is uncertain whether asset dispositions will be required and in what amount, whether Federated will be able to dispose of such assets or, if those assets are sold, at what price they may be sold and the impact that such dispositions may have on Federated s profitability.

Risks Relating to Federated s Operations After the Consummation of the Merger

The market price for shares of Federated common stock may be affected by factors different from, or in addition to, those affecting shares of May common stock, and the market value of Federated common stock may decrease after the closing date of the merger.

Upon completion of the merger, the holders of May common stock will become holders of Federated common stock. Federated is involved in different geographic areas than May and the results of Federated s operations after the merger may be affected by factors different from or in addition to those currently affecting the results of May s operations. The market value of the shares of Federated common stock that May stockholders receive in the merger could decrease following the closing date of the merger. For a discussion of the businesses of Federated and May and factors to consider in connection with those businesses, please see the documents incorporated by reference into this joint proxy statement/prospectus and listed under the section captioned Where You Can Find More Information, beginning on page 196.

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The price of Federated common stock has been volatile and may continue to fluctuate significantly, which may cause you to lose a significant portion of your investment.

The market price of Federated common stock has been and may continue to be volatile. From February 1, 2002, to March 29, 2005, the sale price of Federated common stock ranged from a low of $23.51 per share to a high of $64.54 per share. Federated common stock may continue to be subject to fluctuations as a result of a variety of factors, including factors beyond its control. These include:

- competitive conditions in retail and related services industries;
- changes in consumer confidence, tastes, preferences, fashion trends and spending;
- the availability and level of consumer debt;
- anticipated cash flow and the ability of Federated to maintain sufficient operating cash flow and liquidity;
- the possibility that new business and strategic options for one or more business segments will be identified, potentially including selective acquisitions, dispositions, restructurings, joint ventures and partnerships;
- trade restrictions, tariffs and other factors potentially affecting the ability to find qualified vendors and access products in an efficient manner;
- the ability to successfully implement initiatives to improve inventory management capabilities;
- changes in interest rates;
- social and political conditions such as war, political unrest and terrorism or natural disasters;
- volatility in financial markets;
- changes in debt ratings, credit spreads and cost of funds;
- the possibility of interruptions in systematically accessing the public debt markets;
- the impact of seasonal buying patterns, which are difficult to forecast with certainty; and
- general economic conditions and normal business uncertainty.

Federated may fail to meet expectations of its stockholders or of analysts at some time in the future, and its stock price could decline as a result. In addition, sales of a substantial number of shares of Federated common stock in the public market or the appearance that these shares are available for sale could adversely affect the market price for Federated common stock.

Anti-takeover provisions could delay, deter or prevent a change in control of Federated even if the change in control would be beneficial to Federated stockholders.

Federated is a Delaware corporation subject to Delaware state law. Some provisions of Delaware law could interfere with or restrict takeover bids or other change in control events affecting Federated. One statutory provision prohibits, except under specified circumstances, Federated from engaging in any business combination with any stockholder who owns 15% or more of Federated s common stock. Also, provisions in Federated s certificate of incorporation, by-laws and other agreements to which Federated is a party could delay, deter or prevent a change in control of Federated, even if a change in control would be beneficial to stockholders.

Federated faces significant competition in the retail industry.

Federated conducts its retail merchandising business under highly competitive conditions. Although Federated is one of the nation s largest retailers, it has numerous and varied competitors at the national and local levels, including conventional and specialty department stores, other specialty stores, category killers, mass merchants,

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value retailers, discounters, and Internet and mail-order retailers. Competition is characterized by many factors, including assortment, advertising, price, quality, service, location, reputation and credit availability. If Federated does not compete effectively with regard to these factors, its results of operations could be materially and adversely affected.

Federated s sales and operating results depend on consumer preferences and fashion trends.

Federated s sales and operating results depend in part on its ability to predict or respond to changes in fashion trends and consumer preferences in a timely manner. Federated develops new retail concepts and continuously adjusts its industry position in certain major and private-label brands and product categories in an effort to satisfy customers. Any sustained failure to identify and respond to emerging trends in lifestyle and consumer preferences could have a material adverse affect on Federated s business. Consumer spending may be affected by many factors outside of Federated s control, including competition from store-based retailers, mail-order and Internet companies, consumer confidence and preferences, weather that affects consumer traffic, and general economic conditions.

Federated is subject to environmental protection and health and safety laws and regulations that potentially could adversely affect its business, results of operations or financial condition.

Federated s business is subject to various federal, state and local laws and regulations concerning environmental, health and safety matters. Violations of such laws and regulations can lead to substantial fines and penalties, as well as to substantial remediation costs. Federated cannot assure you that the costs of complying with current and future environmental and health and safety laws, and its liabilities arising from past or future releases of, or exposure to, hazardous materials will not adversely affect its business, results of operations or financial condition.

Federated is subject to global economic and political conditions.

Global economic and political factors that are beyond Federated s control influence its forecasts and directly affect performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, consumer credit availability, consumer debt levels, tax rates and policy, unemployment trends, terrorist threats and activities, worldwide military and domestic disturbances and conflicts, and other matters that influence consumer confidence, spending and tourism. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude. Increases in interest rates may increase our financing costs.

Federated depends upon the success of its advertising and marketing programs.

Federated spends a meaningful amount on advertising and marketing. Its business depends on high customer traffic in its stores and effective marketing. Federated has many initiatives in this area, and it often changes its advertising and marketing programs. If its advertising and marketing efforts are not effective, this could negatively affect its results.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This joint proxy statement/prospectus, including information and other documents incorporated by reference into this joint proxy statement/prospectus, contains or may contain forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995 that relate to the businesses of Federated and May. These forward-looking statements are found at various places throughout this joint proxy statement/prospectus and the other documents incorporated by reference in this joint proxy statement/prospectus. These forward-looking statements include, without limitation, those relating to projected financial and operating results, earnings and cash flows, future actions, new projects, strategies and the outcome of contingencies such as legal proceedings, in each case relating to Federated or May, respectively. Those forward looking statements, wherever they occur in this joint proxy statement/prospectus or the other documents incorporated by reference in this joint proxy statement/prospectus, are necessarily estimates or projections reflecting the judgment of the respective management of Federated and May and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from any future results, performance or achievements expressed or implied by those forward-looking statements.

You should understand that the risks, uncertainties, factors and assumptions listed and discussed in this joint proxy statement/prospectus, including those set forth under the heading Risk Factors beginning on page 30; the risks discussed in May s Annual Report on Form 10-K for the fiscal year ended January 29, 2005, in Item 7A Qualitative and Quantitative Disclosures about Market Risk ; the risks discussed in Federated s Annual Report on Form 10-K for the fiscal year ended January 29, 2005, in Item 7A Qualitative and Quantitative Disclosures about Market Risk ; and the following important factors and assumptions, could affect the future results of Federated following the merger, or the future results of Federated and May if the merger does not occur, and could cause actual results to differ materially from those expressed in any forward-looking statements:

- the ability of Federated to integrate the May businesses with Federated s businesses and achieve the expected synergies from the merger;
- the approval and adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger, at the May annual meeting;
- the approval of the issuance of Federated common stock in connection with the merger at the Federated annual meeting;
- the timing of the completion of the merger;
- the actual financial position and results of operations of Federated following the merger, which may differ significantly from the pro forma financial data contained in this joint proxy statement/prospectus;
- the impact of competitive products and pricing;
- general market conditions in the retail industry;
- the level of capital resources required for future acquisitions and operations; and
- changes in laws and regulations.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of the joint proxy statement/prospectus or, in the case of documents incorporated by reference, as of the date of those documents. Neither Federated nor May undertakes any obligation to publicly update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this joint proxy statement/prospectus or to reflect the occurrence of unanticipated events, except as required by law.

THE MAY ANNUAL MEETING

General

This joint proxy statement/prospectus is being provided to May stockholders as part of a solicitation of proxies by the May board of directors for use at the annual meeting of May stockholders and at any adjournment or postponement thereof. This joint proxy statement/prospectus is first being furnished to stockholders of May on or about [___], 2005. In addition, this joint proxy statement/prospectus is being furnished to May stockholders as a prospectus for Federated in connection with the issuance by Federated of shares of Federated common stock to May stockholders in connection with the merger. This joint proxy statement/prospectus provides May stockholders with the information they need to know to be able to vote or instruct their vote to be cast at the annual meeting of May stockholders.

Date, Time and Place of the May Annual Meeting

The annual meeting of May stockholders will be held at [___] a.m., [___], on [___], 2005, at [___].

Purposes of the May Annual meeting

At the May annual meeting, May s stockholders will be asked:

To approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger;

To elect four members of May s board of directors;

To adopt an amendment to May s amended and restated certificate of incorporation to provide for the annual election of directors;

To ratify the appointment of Deloitte & Touche LLP as May s independent registered public accounting firm for the fiscal year ending January 28, 2006;

To approve adjournments or postponements of the May annual meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the May annual meeting to approve the above proposals; and

To consider and take action upon any other business that may properly come before the May annual meeting, or any reconvened meeting, following an adjournment or postponement of the May annual meeting.

Record Date; Outstanding Shares; Shares Entitled to Vote

The record date for the meeting for May stockholders was [___], 2005. This means that you must have been a stockholder of record of May s common stock or of May s ESOP preference shares at the close of business on [___], 2005, in order to vote at the annual meeting. You are entitled to one vote for each share of common stock you own (or in the case of ESOP preference shares, one vote for each whole share of May common stock represented by such ESOP preference share). On May s record date, May s voting securities carried [___] votes, which consisted of [___] shares of common stock (excluding [___] shares of treasury stock) and [___] ESOP preference shares, which carry [___] votes.

A complete list of May stockholders entitled to vote at the May annual meeting will be available for inspection at the executive offices of May during regular business hours for a period of no less than ten days before the annual meeting.

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Quorum and Voting Rights

A quorum of stockholders is necessary to hold a valid annual meeting of May. The required quorum for the transaction of business at the annual meeting is a majority of the outstanding shares of May common stock entitled to vote and present at the annual meeting, whether in person or by proxy. All shares of May common stock represented at the May annual meeting, including abstentions and broker non-votes, will be treated as shares that are present for purposes of determining the presence of a quorum. Broker non-votes are shares held by a broker or other nominee that are represented at the meeting, but with respect to which such broker or nominee is not instructed by the beneficial owner of such shares to vote on the particular proposal and the broker does not have discretionary voting power on such proposal. For purposes of voting on each of the proposals set forth below, the owners of shares of common stock and ESOP preference shares vote together as one class.

The votes required to approve the respective proposals at the May annual meeting are:

Approval and adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger, requires the approval of a majority of the outstanding shares of May common stock and ESOP preference shares entitled to vote, voting together as one class. Abstentions and broker non-votes will have the same effect as a vote against the proposal.

The election of four members of May s board of directors requires the affirmative vote of a plurality of the shares of May common stock and ESOP preference shares, voting together as one class, present in person or represented by proxy at the May annual meeting and entitled to vote. Abstentions and broker non-votes are not counted and will not affect the outcome of the vote.

Approval of the amendment to May s amended and restated certificate of incorporation to provide for the annual election of directors requires the affirmative vote of a majority of the outstanding shares of May common stock and ESOP preference shares, voting together as one class. Abstentions and broker non-votes will have the same effect as a vote against the proposal.

Ratification of the appointment of Deloitte & Touche LLP as May s independent registered public accounting firm for fiscal year ending January 28, 2006, requires the affirmative vote of the holders of a majority of the shares of May common stock and ESOP preference shares, voting together as one class, present in person or represented by proxy and entitled to vote at the May annual meeting. An abstention has the same effect as a vote against the proposal. A broker non-vote is not counted and will not affect the outcome of the vote.

Approval of adjournments or postponements of the May annual meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the May annual meeting to approve the above proposals, requires the affirmative vote of a majority of the shares of May common stock and ESOP preference shares, voting together as one class, present in person or represented by proxy and entitled to vote at the May annual meeting. An abstention has the same effect as a vote against the proposal. A broker non-vote is not counted and will not affect the outcome of the vote.

Recommendation of the Board of Directors

As discussed elsewhere in this joint proxy statement/prospectus, May s board of directors has approved the merger agreement and the transactions contemplated by the merger agreement, including the merger, and has determined that the transactions contemplated by the merger agreement are advisable and fair to and in the best interests of May and its stockholders. The May board of directors recommends that May stockholders vote:

FOR the proposal to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger, at the May annual meeting. See May s Reasons for the Merger and Recommendation of May s Board of Directors beginning on page 59; and

FOR each of the other proposals presented at the May annual meeting.

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ITEM 1 ¾ THE MERGER

As discussed elsewhere in this joint proxy statement/prospectus, May stockholders are considering and voting on a proposal to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger. You should read carefully this joint proxy statement/prospectus in its entirety for more detailed information concerning the merger agreement and the merger. In particular, you are directed to the merger agreement, which is attached as Annex A to this joint proxy statement/prospectus.

The May board of directors recommends a vote FOR the merger, and your proxy will be so voted unless you specify otherwise.

ITEM 2 ¾ ELECTION OF DIRECTORS

Four directors are to be elected by stockholders at the May annual meeting. In accordance with the recommendation of the nominating and governance committee of the board of directors, the May board of directors has nominated Marsha J. Evans, David B. Rickard, Joyce M. Roché and R. Dean Wolfe, each of whom is currently a member of the board, for election. Each non-management nominee (Mrs. Evans, Mr. Rickard and Ms. Roché) and May s other non-management directors are independent directors under May s independence standards described on page 153.

The board of directors is currently divided into three classes and the terms of the remaining directors expire in 2006 or 2007. If you approve the proposal to amend the amended and restated certificate of incorporation to provide for the annual election of directors, as more fully described in the following item, all four nominees will serve for one year terms expiring at the 2006 annual meeting of stockholders. If you do not approve the proposal to amend the amended and restated certificate of incorporation, the four nominees will serve three-year terms expiring in 2008.

The May board of directors has no reason to believe that any of the nominees will not serve if elected. However, if any nominee should subsequently become unavailable to serve as a director, the May board may designate a substitute nominee and the persons named as proxies may, in their discretion, vote for such substitute nominee designed by the May board. Alternatively, the May board may reduce the number of directors to be elected at the May annual meeting.

For information regarding the four nominees and regarding the May board of directors as a whole, see Information about May Directors of May beginning on page 150.

The May board of directors recommends that May stockholders vote FOR the election of the nominees named above, and your proxy will be so voted unless you specify otherwise.

ITEM 3 ¾ AMENDMENT TO THE AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO PROVIDE FOR THE ANNUAL ELECTION OF DIRECTORS