

FEDERATED DEPARTMENT STORES INC /DE/

Form S-4

March 30, 2005

Table of Contents

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
*(State or Other Jurisdiction of
Incorporation or Organization)*

5311
*(Primary Standard Industrial
Classification Code Number)*

13-3324058
*(I.R.S. Employer
Identification Number)*

**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. "

Table of Contents**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.

Table of Contents

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.

Table of Contents

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.

Table of Contents

**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

Table of Contents

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.

Table of Contents

**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**

Table of Contents

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.

Table of Contents

TABLE OF CONTENTS

	Page
<u>QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETINGS AND THE MERGER</u>	1
<u>The Merger</u>	1
<u>Other Federated Annual Meeting Proposals</u>	5
<u>Other May Annual Meeting Proposals</u>	6
<u>Procedures</u>	7
<u>SUMMARY</u>	12
<u>Information about Federated</u>	12
<u>Information about May</u>	12
<u>The Merger</u>	12
<u>Recommendations of the Boards of Directors to May and Federated Stockholders</u>	14
<u>Opinions of our Financial Advisors</u>	14
<u>Record Date; Outstanding Shares; Shares Entitled to Vote</u>	15
<u>Stock Ownership of Directors and Executive Officers</u>	15
<u>Ownership of Federated After the Merger</u>	16
<u>Interests of May Directors and Executive Officers in the Merger</u>	16
<u>Federated Board of Directors After the Merger</u>	16
<u>Listing of Federated Common Stock and Delisting of May Common Stock</u>	16
<u>Appraisal Rights</u>	17
<u>Conditions to Completion of the Merger</u>	17
<u>Termination of the Merger Agreement</u>	18
<u>Termination Fees</u>	19
<u>No Solicitation by May</u>	21
<u>Material United States Federal Income Tax Consequences of the Merger</u>	21
<u>Accounting Treatment</u>	21
<u>Risks</u>	21
<u>Litigation Related to the Merger</u>	21
<u>Transition Leadership Team</u>	22
<u>Comparison of Rights of Stockholders</u>	22
<u>FINANCIAL SUMMARY</u>	23
<u>Federated Market Price Data and Dividends</u>	23
<u>May Market Price Data and Dividends</u>	24
<u>Selected Historical Financial Data of Federated</u>	25
<u>Selected Historical Financial Data of May</u>	26

Table of Contents

TABLE OF CONTENTS
(continued)

	Page
<u>Selected Unaudited Pro Forma Financial Data of Federated</u>	27
<u>COMPARATIVE PER SHARE INFORMATION</u>	28
<u>COMPARATIVE MARKET VALUE INFORMATION</u>	29
<u>RISK FACTORS</u>	30
<u>Risks Relating to the Merger</u>	30
<u>Risks Relating to Federated's Operations After the Consummation of the Merger</u>	32
<u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	35
<u>THE MAY ANNUAL MEETING</u>	36
<u>General</u>	36
<u>Date, Time and Place of the May Annual Meeting</u>	36
<u>Purposes of the May Annual Meeting</u>	36
<u>Record Date; Outstanding Shares; Shares Entitled to Vote</u>	36
<u>Quorum and Voting Rights</u>	37
<u>Recommendation of the Board of Directors</u>	37
<u>Voting by May's Directors and Executive Officers</u>	40
<u>Voting; Proxies</u>	40
<u>How to Vote</u>	40
<u>Revoking Your Proxy</u>	41
<u>Other Voting Matters</u>	41
<u>Proxy Solicitations</u>	41
<u>Other Business; Adjournment and Postponements</u>	42
<u>Assistance</u>	42
<u>THE FEDERATED ANNUAL MEETING</u>	43
<u>General</u>	43
<u>Date, Time and Place of the Federated Annual Meeting</u>	43
<u>Purposes of the Federated Annual Meeting</u>	43
<u>Record Date; Outstanding Shares; Shares Entitled to Vote</u>	43
<u>Quorum and Voting Rights</u>	44
<u>Recommendation of the Board of Directors</u>	45
<u>Voting by Federated's Directors and Executive Officers</u>	47
<u>Voting; Proxies</u>	47
<u>How to Vote</u>	47
<u>Revoking Your Proxy</u>	48
<u>Other Voting Matters</u>	48

Table of Contents

TABLE OF CONTENTS
(continued)

	Page
<u>Proxy Solicitations</u>	49
<u>Other Business; Adjournments or Postponements</u>	49
<u>Assistance</u>	49
<u>THE MERGER</u>	50
<u>Background of the Merger</u>	50
<u>May's Reasons for the Merger and Recommendation of May's Board of Directors</u>	59
<u>Federated's Reasons for the Merger and Recommendation of Federated's Board of Directors</u>	63
<u>Opinions of May's Financial Advisors</u>	65
<u>Opinion of Federated's Financial Advisor</u>	80
<u>Interests of May Directors and Executive Officers in the Merger</u>	89
<u>Federated Board of Directors After the Merger</u>	89
<u>Executive Employment and Severance Agreements</u>	89
<u>Accounting Treatment</u>	94
<u>Appraisal Rights of May Stockholders</u>	94
<u>Delisting and Deregistration of May Common Stock</u>	97
<u>Federal Securities Laws Consequences: Resale Restrictions</u>	97
<u>Certain Events</u>	97
<u>MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES</u>	98
<u>THE MERGER AGREEMENT</u>	101
<u>The Merger; Closing</u>	102
<u>Directors and Officers</u>	102
<u>Merger Consideration</u>	102
<u>Exchange Procedures</u>	103
<u>Exchange of Shares</u>	103
<u>Transfers of Ownership and Lost Stock Certificates</u>	104
<u>Termination of Exchange Fund</u>	104
<u>No Liability</u>	104
<u>Representations and Warranties</u>	104
<u>Covenants and Agreements</u>	106
<u>Conditions to Completion of the Merger</u>	116
<u>Termination of the Merger Agreement</u>	118
<u>Termination Fees</u>	119
<u>Amendments, Extensions and Waivers</u>	120
<u>INFORMATION ABOUT FEDERATED</u>	122
<u>Business</u>	122
<u>Directors of Federated</u>	123

Table of Contents

TABLE OF CONTENTS
(continued)

	Page
<u>Compliance with Section 16(a) of the Exchange Act</u>	130
<u>Executive Officers of Federated</u>	131
<u>Executive Compensation</u>	133
<u>Report of the Compensation and Management Development Committee</u>	138
<u>Report of the Audit Committee</u>	144
<u>Stock Performance Graph</u>	145
<u>Beneficial Ownership of Federated Common Stock</u>	145
<u>Stock Ownership of Directors and Executive Officers</u>	147
<u>Securities Authorized for Issuance Under Equity Compensation Plans</u>	147
<u>INFORMATION ABOUT MAY</u>	149
<u>Business</u>	149
<u>Directors of May</u>	150
<u>Compliance with Section 16(a) of the Exchange Act</u>	158
<u>Executive Officers of May</u>	158
<u>Executive Compensation</u>	160
<u>Report of the Executive Compensation and Development Committee</u>	166
<u>Report of the Audit Committee</u>	171
<u>Stock Performance Graph</u>	172
<u>Beneficial Owners of May Common Stock</u>	173
<u>Stock Ownership of Directors and Executive Officers</u>	173
<u>PRO FORMA FINANCIAL DATA UNAUDITED PRO FORMA FINANCIAL STATEMENTS OF FEDERATED</u>	175
<u>FEDERATED UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET</u>	176
<u>FEDERATED UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME FOR THE FISCAL YEAR ENDED JANUARY 29, 2005</u>	181
<u>MAY UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME FOR THE FISCAL YEAR ENDED JANUARY 29, 2005</u>	184
<u>DESCRIPTION OF FEDERATED CAPITAL STOCK</u>	186
<u>Common Stock</u>	186
<u>Preferred Stock</u>	186
<u>COMPARISON OF RIGHTS OF STOCKHOLDERS</u>	187
<u>Authorized Capital Stock</u>	187
<u>Voting Rights</u>	187
<u>Cumulative Voting</u>	187
<u>Stockholders Meetings</u>	187

Table of Contents

TABLE OF CONTENTS
(continued)

	Page
<u>Matters Relating to the Board of Directors</u>	190
<u>Preemptive Rights</u>	191
<u>Dividends</u>	191
<u>Limitation of Personal Liability of Directors</u>	191
<u>Indemnification of Directors and Officers</u>	191
<u>Anti-Takeover Matters</u>	192
<u>Certain Business Combination Restrictions</u>	192
<u>Vote on Certain Fundamental Issues</u>	192
<u>Amendments to Constituent Documents</u>	193
<u>LEGAL MATTERS</u>	194
<u>EXPERTS</u>	194
<u>SUBMISSION OF FUTURE STOCKHOLDER PROPOSALS</u>	194
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	196
<u>Federated SEC Filings</u>	196
<u>May SEC Filings</u>	197
<u>ANNEXES</u>	
<u>Agreement and Plan of Merger</u>	A
<u>Opinion of Morgan Stanley & Co. Incorporated</u>	B
<u>Opinion of Peter J. Solomon Company, L.P.</u>	C
<u>Opinion of Goldman, Sachs & Co.</u>	D
<u>Section 262 of the General Corporation Law of the State of Delaware</u>	E
<u>Proposed Amendment to Article Seventh of Federated's Certificate of Incorporation</u>	F
<u>Proposed Amendment to Article Thirteenth of May's Certificate of Incorporation</u>	G
<u>Federated's Standards for Director Independence</u>	H
<u>Federated's Policy and Procedures for Pre-Approval of Non-Audit Services by Outside Auditor</u>	I
<u>Form of Proxy Card and Voting Instruction Card for May Annual Meeting</u>	J
<u>Form of Proxy Card and Voting Instruction Card for Federated Annual Meeting</u>	K
<u>EX-5.1 OPINION OF DENNIS J. BRODERICK</u>	
<u>EX-23.1 CONSENT KPMG</u>	
<u>EX-23.2 CONSENT DELOITTE & TOUCHE</u>	
<u>EX-99.4 CONSENT MORGAN STANLEY & CO INC</u>	
<u>EX-99.5 CONSENT PETER J. SOLOMON COMPANY, L.P.</u>	
<u>EX-99.6 CONSENT GOLDMAN, SACHS & CO.</u>	

Table of Contents

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?

1

Table of Contents

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

Table of Contents

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.

3

Table of Contents

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 will not 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 will 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

4

Table of Contents

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.

Table of Contents

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.