

FEDERATED DEPARTMENT STORES, INC./THE MAY DEPARTMENT STORES COMPANY MERGER

Dear Fellow Shareholder:

Welcome to the family of Federated Department Stores, Inc. shareholders. The merger of Federated and The May Department Stores Company was completed on August 30, 2005. We hope you are as excited as we are about the significant value that can be created by the combination of these two great companies into a premier national retailer. Please read carefully the instructions below concerning conversion of your shares of May common stock.

As a result of the merger, each of your shares of May common stock has been converted into the right to receive \$17.75 in cash and 0.3115 shares of Federated common stock. You will receive a cash payment in lieu of any fractional share of Federated common stock to which you would be otherwise entitled. To receive your cash and a Direct Registration Transaction Advice evidencing your Federated common stock entitlement, please send your May common stock certificates accompanied by the attached Transmittal Form, properly completed and signed in accordance with the instructions provided, to The Bank of New York, as Exchange Agent, in the enclosed pre-addressed envelope. If delivery is by mail, insured registered mail with return receipt is strongly recommended.

Accompanying this letter are informational material and instructions for completing the Transmittal Form. In addition, The Bank of New York has enclosed a brochure describing the Federated Direct Purchase and Sale Plan. If, after reading the brochure, you would like to enroll in the Federated Plan, check the box on the Transmittal Form entitled "Federated Department Stores, Inc. Direct Purchase and Sale Plan Election." The Bank of New York will enroll the entire stock portion of your exchange entitlement into the Federated Plan, and all future cash dividends payable on such stock will be invested in additional shares of Federated common stock to be held in your Federated Plan account.

If you have any additional questions regarding the exchange, please contact The Bank of New York at 1-800-292-2301.

We look forward to a bright future for Federated as we begin to integrate May's operations and organization with our own. Be assured our goal is to grow and improve the company, serve customer needs with fashion and affordable luxury, build on best retailing practices and maximize value for our shareholders. We appreciate your support.

Sincerely,

Terry J. Lundgren
Chairman, President and Chief Executive Officer

DETACH FORM HERE

TRANSMITTAL FORM – FEDERATED DEPARTMENT STORES, INC. / THE MAY DEPARTMENT STORES COMPANY MERGER

This Transmittal Form must accompany certificate(s) for shares of The May Department Stores Company Common Stock when you exchange them for shares of Federated Department Stores, Inc. Common Stock and cash, including cash in lieu of any Federated Department Stores, Inc. Common Stock fractional share, in connection with the merger involving The May Department Stores Company and Federated Department Stores, Inc.

I/we the undersigned, surrender to you for exchange the shares of The May Department Stores Company Common Stock identified in the upper right corner of this card. Accounts having in excess of six certificates will show the certificate details for five certificates and on the sixth line the number of additional certificates and total shares. Shares held in the May Dividend Reinvestment Plan will be indicated by "DR." I/we certify that I/we have full authority to surrender the certificate(s) for shares of The May Department Stores Company Common Stock and such shares are free and clear of all liens, restrictions, adverse claims and encumbrances, and I/we have complied with all requirements as stated in the instructions mailed with this card and understand that risk of loss and title to the certificate(s) will pass, only upon proper delivery of the certificate(s) to you.

I/we understand that if I/we do not provide a Taxpayer Identification Number (TIN) to the payer, 28% of all reportable payments due to me/us will be withheld until I/we provide a TIN to payer.

<input checked="" type="checkbox"/>	FEDERATED DEPARTMENT STORES, INC. Direct Purchase and Sale Plan Election Check box to enroll in the Federated Direct Purchase and Sale Plan. In checking this box, I/we certify that I/we have received and read the Federated Buy DIRECT Plan Prospectus and agree to the Terms and Conditions of the Plan..
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CHANGE ADDRESS AS NECESSARY BELOW

TOTAL SHARES

If by mail, return this card along with your stock certificate(s) (registered mail, return receipt recommended) in the enclosed envelope to:

The Bank of New York, (Federated/May)
P.O. Box 859208, Braintree, MA 02185-9208

If by hand, return this card along with your stock certificate(s) in the enclosed envelope to:

The Bank of New York, Reorganization Services
101 Barclay Street, Receive and Deliver Window,
Street Level
New York, NY 10286

If by overnight courier, please send to:

The Bank of New York, (Federated/May)
161 Bay State Drive, Braintree, MA 02184

SIGNATURE: Card must be signed by registered holder(s) exactly as name(s) appear on certificate(s) or by person(s) authorized to sign on behalf of registered holder(s) by documents transmitted herewith. Please see instruction 2.

X _____
Signature of Shareowner Date

X _____
Signature of Co-Shareowner (if any) Date

Daytime Telephone Number
Forms must be completed in black or blue ink.

LOST, STOLEN OR DESTROYED CERTIFICATE(S) IF CERTIFICATES REPRESENTING SHARES OF THE MAY DEPARTMENT STORES COMPANY COMMON STOCK HAVE BEEN LOST, STOLEN OR DESTROYED, PLEASE CHECK THE BOX AND COMPLETE THE AFFIDAVIT OF LOST, STOLEN OR DESTROYED CERTIFICATE(S) ON THE REVERSE SIDE OF THIS FORM.

AFFIDAVIT OF LOST, STOLEN OR DESTROYED CERTIFICATE(S)
 THIS FORM IS TO BE COMPLETED **ONLY** IF YOU CANNOT LOCATE YOUR
 THE MAY DEPARTMENT STORES COMPANY CERTIFICATE(S)

(See instructions 9, 10 and 11)

STATE OF _____ NAME OF STOCKHOLDER _____

COUNTY OF _____ ADDRESS _____

CITY/STATE/ZIP _____

CERTIFICATE NUMBER(S) _____ for _____ shares(s) and
 for _____ share(s) of The May Department Stores
 Company common stock (If any number is not known, leave space blank.)

The undersigned person(s) say(s) that:

I am the lawful owner of the above described certificate(s). The certificate(s) has not been endorsed, transferred, assigned or otherwise disposed of. I have made a diligent search for the certificate(s) and have been unable to find it, and make this affidavit for the purpose of inducing the exchange of the certificate(s) without surrender of the certificate(s). I agree to indemnify St. Paul Travelers Insurance Company/Seaboard Surety Company from all liabilities, losses, damages and expenses which it may sustain or incur by reason or account of assuming liability under its Indemnity Bond No. 104503919. I hereby agree to surrender the certificate(s) for cancellation should I, at any time, find the certificate(s). To replace my shares, I am enclosing a bond premium payment as calculated below. I understand that my certificate(s) cannot be replaced without the proper payment. Upon receipt of this completed/signed/notarized Affidavit and my check or money order, the Bank will review the documentation for completeness and submit my request to St. Paul Travelers. In connection with this process, the Bank is compensated by its independent insurance broker for its review service. The insurance broker will pay the Bank's compensation out of commissions the insurance broker receives from St. Paul Travelers.

HOW TO CALCULATE YOUR REPLACEMENT BOND PREMIUM PAYMENT		
Number of shares to be replaced		TOTAL Bond Premium* Payment Required (Minimum \$25.00)
_____	X	_____
\$0.80 per May share		= _____
Please make your check or money order payable to " Seaboard Surety Company #104503919 " and return along with this duly executed affidavit and your Transmittal Form in the enclosed pre-addressed return envelope.		

Signed by Affiant this _____ day of _____, 20_____.

Signature of Affiant (stockholder) _____

Signature of Co-Affiant (co-stockholder) _____

Notary Public (Affix Notarial Seal) _____

(NOTE: Notary **required** for replacements)

* If Bond Premium exceeds \$200,000.00, this rate does not apply. Please call 1-800-292-2301 to obtain an Affidavit of Loss and Indemnity and a Loss Assumption Form

Substitute Form W-9

(See Instruction 12)

Part 1 – PLEASE PROVIDE YOUR TAXPAYER IDENTIFICATION NUMBER (TIN) IN THE BOX AT THE RIGHT AND CERTIFY BY SIGNING AND DATING BELOW

 Social Security No.
 OR Employer ID No.

CERTIFICATION—UNDER THE PENALTIES OF PERJURY, I CERTIFY THAT (1) THE NUMBER SHOWN ON THIS FORM IS MY CORRECT TAXPAYER IDENTIFICATION NUMBER (OR I AM WAITING FOR A NUMBER TO BE ISSUED TO ME), AND (2) I AM NOT SUBJECT TO BACKUP WITHHOLDING BECAUSE: (A) I AM EXEMPT FROM BACKUP WITHHOLDING, OR (B) I HAVE NOT BEEN NOTIFIED BY THE INTERNAL REVENUE SERVICE (IRS) THAT I AM SUBJECT TO BACKUP WITHHOLDING AS A RESULT OF A FAILURE TO REPORT ALL INTEREST OR DIVIDENDS, OR (C) THE IRS HAS NOTIFIED ME THAT I AM NO LONGER SUBJECT TO BACKUP WITHHOLDING (3) I AM A U.S. PERSON (INCLUDING A U.S. RESIDENT ALIEN) (YOU MUST CROSS OUT ITEM (2) ABOVE IF YOU HAVE BEEN NOTIFIED BY THE IRS THAT YOU ARE SUBJECT TO BACKUP WITHHOLDING BECAUSE OF UNDER REPORTING INTEREST OR DIVIDENDS ON YOUR TAX RETURN).

Part 2 —
 TIN applied for (or intended to apply for in near future) CHECK BOX IF APPLICABLE

Part 3 —
 EXEMPT PAYEE
 Attach Certificate of Foreign Status (If applicable)

Department of the Treasury,
 Internal Revenue Service

Payer's Request for
 Taxpayer Identification Number (TIN)

Signature _____

Name _____

Address _____

Date _____

SPECIAL TRANSFER INSTRUCTIONS

(See Instruction 13)

Signature Guarantee Required

Exchange entitlements will be issued in the name(s) shown on the FRONT of this form (unless otherwise instructed below). To determine if Signature Guarantee is required, see instruction 13. Issue entitlement to:

Name _____

Address _____

Signature Guarantee (See Instruction 13)

SPECIAL DELIVERY INSTRUCTIONS

(See Instruction 14)

Signature Guarantee Required

Exchange entitlements will be mailed to the address shown on the FRONT of this form (or to the person and address listed above) unless otherwise instructed below. See instruction 14. Mail the entitlements to:

Address _____