

## Federated Department Stores, Inc./ The May Department Stores Company Merger

### Instructions for exchanging The May Department Stores Company common stock for cash and common stock of Federated Department Stores, Inc. and Answers to Frequently Asked Questions

The merger of The May Department Stores Company with Federated Department Stores, Inc. has been completed. As a result of the merger, each share of May common stock ("May Stock") was converted into the right to receive \$17.75 in cash and 0.5115 shares of Federated common stock ("Federated Stock").

No fractional share entitlement will be issued. Your check will include the cash value of any fractional interest resulting from the share exchange.

Your envelope contains the following share exchange materials in addition to this document:

- a letter from Federated Department Stores, Inc. to The May Department Stores Company shareholders with a Transmittal Form for exchanging your shares of May Stock
- a brochure from The Bank of New York describing the features and conditions of the Direct Registration System
- a brochure from The Bank of New York describing the Federated Direct Purchase and Sale Plan
- a pre-addressed envelope to return your May Stock certificates and completed Transmittal Form.

**PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY.  
THESE INSTRUCTIONS ARE DESIGNED TO HELP YOU COMPLETE THE ENCLOSED TRANSMITTAL FORM.**

1. You must surrender all of your May Stock certificates to obtain your cash and Federated Stock. The enclosed Transmittal Form shows how many shares of May Stock you own and lists the certificates (if any) representing those shares. Shares you hold in The May Department Stores Company Dividend Reinvestment Plan are also shown on the Transmittal Form.
2. Please complete the Transmittal Form and return it to the Exchange Agent, The Bank of New York, along with your stock certificates (if any). **PLEASE DO NOT SIGN YOUR CERTIFICATES.**
3. The Bank of New York has enclosed a brochure describing the Federated Direct Purchase and Sale Plan (the "Federated 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 Stock to be held in your Federated Plan account.
4. We have provided a pre-addressed return envelope in the package for mailing your Transmittal Form and certificates. Please include all certificates in the same envelope. If the pre-addressed envelope provided does not accommodate all of your certificates, a larger envelope of your choice is fine, but be sure to mail your package with sufficient postage.

We recommend using insured Registered Mail, Return Receipt Requested, if you choose to send your Transmittal Form and certificates by mail.

If you lose or misplace the pre-addressed return envelope, or if you find it necessary to use your own, please address your package to:

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

If you are delivering your package by hand, please deliver to:

The Bank of New York  
Reorganization Services  
101 Barclay Street  
Receive & 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

Helpful information can be found in the Answers to Frequently Asked Questions section of this booklet. Please refer to it before making your choices.

If you have questions or need more copies of the Transmittal Form, please call

The Bank of New York at **1-800-292-2301**

Monday through Friday, 9 a.m. to 6 p.m.

New York City time.

Match the front of your Transmittal Form with the example below and follow the instructions. Forms must be completed in black or blue ink.

- 1** Your account number.
- 2** Your stock certificate numbers. This is a list of the specific stock certificate(s) and the number of shares represented by each certificate that you need to mail to the Exchange Agent. 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."
- 3** The total number of shares you hold including The May Dividend Reinvestment Plan shares.
- 4** Federated Department Stores, Inc. Direct Purchase and Sale Plan Election. **CHECK THIS BOX** to enroll the entire stock portion of your exchange entitlement into the Federated Direct Purchase and Sale Plan (the "Federated Plan"), and all future cash dividends payable on such stock will be invested in additional shares of Federated Stock to be held in your Federated Plan account.
- 5** Mark any address change on the front of the Transmittal Form.
- 6** Signature(s) are required on the Transmittal Form. You must sign this card.
- Each registered holder *must*

- sign the Transmittal Form. The signature must match exactly the name as it is printed on the Transmittal Form. If there is more than one holder, each individual must sign.
- If this Transmittal Form is signed by a trustee(s), executor, guardian, attorney-in-fact, or any other fiduciary or representative on behalf of the registered holder(s) or by an officer of a corporation, write this person's full title and submit appropriate "evidence of authority to sign" with the Transmittal Form.
- By signing and returning this Transmittal Form, you represent and warrant to Federated and the Exchange Agent, that:
  - you were the exclusive owner(s) of the shares listed on the Transmittal Form at the effective date of the merger;
  - you have the full power and authority to deliver, sign and transfer the certificate(s) delivered and are entitled to all associated rights;
  - your shares being exchanged were free and clear of all liens, restrictions, adverse claims and encumbrances at the effective date of the merger;
  - you will execute and deliver

- any additional documents needed by the Exchange Agent in connection with the surrender of your certificates;
- the delivery of the cash entitlement and Federated Stock in accordance with the Transmittal Form will completely discharge Federated and the Exchange Agent from any obligations related to the share exchange;
- you authorize the Exchange Agent to exchange the shares of May Stock submitted with the Transmittal Form, including any May Dividend Reinvestment Plan shares shown on the Transmittal Form.
- All authority conferred or agreed to be conferred in the Transmittal Form (and related instructions) shall be binding upon you and all of your successors, assigns, heirs, executors, administrators and legal representatives and shall not be affected by, and shall survive, your death or incapacity.
- 7** Please fill in your area code and daytime telephone number on the Transmittal Form to help us process your share exchange in case of questions.
- 8** If you've lost your certificate(s), please check this box and complete the

**Affidavit of Lost, Stolen or Destroyed Certificate(s)** on the back of the Transmittal Form. You will be issued the amount of Federated Stock to which you are entitled despite your inability to surrender your May Stock certificates. See also Instructions 9, 10 and 11.

**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 Store 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 shares, in connection with the merger involving The May Department Store Company and Federated Department Stores, Inc.

I/We the undersigned, surrender to you for exchange the shares of The May Department Store Company Common Stock identified in the upper right corner of this card. Accounts bearing in excess of six certificates will show the certificate details on the certificate 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 Store 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 I/we are not liable 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/we will be withheld until I/we provide a TIN to payer.

**FEDERATED DEPARTMENT STORES, INC.  
Direct Purchase and Sale Plan Election**

**X**

Check this 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.

**CHANGE ADDRESS AS NECESSARY BELOW**

**5** \_\_\_\_\_

**1** \_\_\_\_\_

**8** \_\_\_\_\_

**6** \_\_\_\_\_

**7** \_\_\_\_\_

**3** 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 854208, Braintree, MA 02185-0208

If by hand, return this card along with your stock certificate(s) in the end card envelope to:  
The Bank of New York, Corporation Services  
101 Banker Street, Braintree and Dulux Windows,  
Street Level  
New York, NY 10288

If by overnight courier, please send to:  
The Bank of New York (Federated/May)  
181 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 document transmitted herewith. Please see instruction 2.

**X** \_\_\_\_\_ Date \_\_\_\_\_  
Signature of Shareowner

**X** \_\_\_\_\_ Date \_\_\_\_\_  
Signature of Co-Shareowner (if any)

Daytime Telephone Number \_\_\_\_\_

Forms must be completed in black or blue ink.

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

Match the back of your Transmittal Form with the example below and follow the instructions.

**9** Complete this section *only* if you cannot locate your certificate(s). Please **print clearly**. Include your lost certificate number(s) and share amount, if known. Attach a separate list if more than two certificates have been lost, destroyed or stolen.

**10** Please calculate the bond premium payment required to replace your lost, stolen or destroyed May Stock certificates in the space provided. Completion of the Affidavit and payment of the bond premium will allow the Exchange Agent to exchange your shares in the event that they have been lost, stolen or destroyed. This section must be completed and a check for the correct bond premium amount attached before the Exchange Agent will proceed with the exchange.

**11** Please sign and date the Affidavit in the space provided. **All persons named on the certificate(s) must sign. Please note that you must have this Affidavit notarized.**

**12** Substitute Form W-9 and W-9 Certification. Each May Stockholder or other payee is required to provide The Bank of New York with a correct taxpayer identification number ("TIN"), generally yours or other payee's Social Security Number or federal Employee Identification Number, and with certain other information, on Substitute Form W-9 and certify that the stockholder or other payee is not subject to backup withholding. Failure to provide the information on the Substitute Form W-9 may subject you or such other payee to a \$50 penalty imposed by the Internal Revenue Service and 28% backup withholding tax on the payment of any cash received. Please insert your TIN in this space and sign the certification. If Federated Stock is to be registered in a name other than the one which appears on the front of the Transmittal Form, insert the TIN of the person to whom the Federated Department Stores, Inc. shares are to be registered and have this person sign the certification. See Instruction 13. Please review the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9." If the correct TIN isn't provided, you may be subject to a \$50 penalty from the Internal Revenue Service. Also, any cash payments to you and future Federated Department Stores, Inc. dividends may be subject to 28% U.S. backup withholding. The box in Part 2 of the

<b>AFFIDAVIT OF LOST, STOLEN OR DESTROYED CERTIFICATE(S)</b> THIS FORM IS TO BE COMPLETED <b>ONLY</b> IF YOU CANNOT LOCATE YOUR THE MAY DEPARTMENT STORES COMPANY CERTIFICATE(S) (See instructions 9, 10 and 11)	
STATE OF _____ COUNTY OF _____ CERTIFICATE NUMBER(S) _____	NAME OF STOCKHOLDER _____ ADDRESS _____ CITY/STATE/ZIP _____ for _____ share(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. 104509919. 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/signature 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.	
<b>10 HOW TO CALCULATE YOUR REPLACEMENT BOND PREMIUM PAYMENT</b>	
Number of shares to be replaced _____ X <b>\$0.80 per May share</b> = _____	TOTAL Bond Premium* Payment Required (Minimum \$25.00)
Please make your check or money order payable to "Seaboard Surety Company #104509919" 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) _____	* 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
Signature of Co-Affiant (co-stockholder) _____	
Notary Public (Affix Notarial Seal) _____ (NOTE: Notary required for replacements)	
<b>Substitute Form W-9</b> (See Instruction 12) <b>12</b>	
Part 1 - PLEASE PROVIDE YOUR TAXPAYER IDENTIFICATION NUMBER (TIN) IN THE BOX AT THE FRONT AND CERTIFY BY SIGNING AND DATING BELOW	Social Security No. _____ OR Employee ID No. _____
CERTIFICATION: UNDER THE PENALTIES OF PERJURY, I CERTIFY THAT (1) THE NUMBER SHOWN ON THIS FORM IS MY CORRECT TAXPAYER IDENTIFICATION NUMBER (TIN); I AM WRITING 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 INCOME 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 CHECK OUT ITEM (3) 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 RETURNS).	Part 2 - <input type="checkbox"/> TIN applied for (or intended to apply for in near future) CHECK BOX IF APPLICABLE Part 3 - <input type="checkbox"/> EXEMPT PAYEE See instructions of Foreign Status (if applicable)
Signature _____ Name _____ Address _____ Date _____	Department of the Treasury Internal Revenue Service Payee's Signature Taxpayer Identification Number (TIN) _____
<b>SPECIAL TRANSFER INSTRUCTIONS</b> (See Instruction 13) <b>Signature Guarantee Required</b>	
Exchange entitlements will be issued in the name(s) above on the FRONT of this form (unless otherwise instructed below). To determine if Signature Guarantee is required, see Instruction 13, Issue Entitlements.	
Name _____ Address _____ Signature Guarantee (See Instruction 13) _____	
<b>SPECIAL DELIVERY INSTRUCTIONS</b> (See Instruction 14) <b>Signature Guarantee Required</b>	
Exchange entitlements will be mailed to the address above on the FRONT of this form (to the person and address listed above) unless otherwise instructed below. See Instruction 14. Mail the entitlements to:	
Address _____	

Substitute Form W-9 may be checked if the shareholder has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future. If the box in Part 2 is checked, 28% of all reportable payments made prior to the time a properly certified TIN is provided may be withheld until a TIN is provided to the Payer.

**13** Special Transfer Instructions. Complete these Special Transfer Instructions *only* if Federated Stock is to be registered in a name other than the one that appears on the front of the Transmittal Form. Any check for a fractional share will be issued to the transferee. If Federated Stock is to be registered in a name other than the one that appears on the front

- of the Transmittal Form:
- indicate the full name and address of the transferee(s) (the person in whose name the shares will be registered);
  - the transferee(s) must complete and certify their TIN on Substitute Form W-9;
  - the registered holder(s) (in whose name the shares are currently held) must sign the front of the Transmittal Form; and
  - the registered holder(s) must have their signature(s) Medallion Guaranteed. A Medallion Guarantee can be obtained from a financial institution such as a bank or securities broker that is a member of the Securities Transfer Association Medallion Program, The Stock Exchange Medallion

Program, or The New York Stock Exchange, Inc., Medallion Guaranteed Program. (Please note that a notary is not acceptable.)

If this endorsement is executed in a fiduciary/representative capacity, appropriate certified evidence of transfer authority must be submitted with the Transmittal Form.

**14** Complete this section *only* if your exchange entitlements are to be delivered to a person other than the registered holder or to a different address than the one shown on the front of the Transmittal Form. Otherwise, the entitlements will be sent to the person and the address appearing on the front of the Transmittal Form.

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# Federated Department Stores, Inc. / The May Department Stores Company Merger

## Answers to Frequently Asked Questions

**Please return The May Department Stores Company stock certificates as soon as possible along with the enclosed Transmittal Form. Remember that you cannot receive your cash and Federated Department Stores, Inc. common stock (“Federated Stock”), or future Federated Stock dividends until you have exchanged The May Department Stores Company common stock (“May Stock”) certificates.**

**1. Is the exchange of May Stock for Federated Stock and cash mandatory?**

Yes. The merger has been completed and shares of May Stock have ceased trading. If, however, you made written demand to May prior to the vote on the merger at the annual meeting of May shareholders on July 13, 2005, that you intend to exercise your appraisal rights under Delaware law, please see the description of the procedures that must be followed to perfect appraisal rights in the section entitled “The Merger – Appraisal Rights of May Stockholders” in May’s Proxy Statement, dated May 31, 2005, and Annex E thereto (which sets forth the text of Section 262 of the Delaware General Corporation Law), previously delivered to May shareholders.

**2. What will I receive in exchange for my shares of May Stock?**

As a result of the merger, each of your shares of May Stock has been converted into the right to receive \$17.75 in cash and 0.3115 shares of Federated Stock. You will receive a cash payment in lieu of any fractional share of Federated Stock to which you would be otherwise entitled. Your ownership of Federated Stock will be evidenced by the issuance of a Direct Registration Transaction Advice confirming the amount of your Federated Stock entitlement.

**3. What is Direct Registration and what are the benefits to me?**

Direct Registration is a book-entry statement-based method of evidencing share ownership. The transition to book-entry ownership is similar to the move many banks made several years ago from passbook savings accounts to statement-based accounts. Book-entry ownership has been encouraged by the Securities and Exchange Commission. Book-entry ownership:

- eliminates the problems associated with paper documents, such as the need for and expense of safe storage and replacement of lost certificates;
- allows for electronic transactions, such as ownership transfers, through the transfer agent or through your bank or broker;
- eliminates the need for physical movement of certificates at the time of sale and the accompanying potential for loss; and
- reduces the costs associated with the issuance and delivery of physical certificates.

The Bank of New York has enclosed a brochure describing the features and benefits of Direct Registration in more detail. Please read it carefully and keep it for future reference.

**4. What will happen if I do not return my May Stock certificates?**

You will not receive your Federated Stock entitlement, cash or cash payment for any fractional share or future dividend payments on Federated Stock until your May Stock certificate(s) and a properly completed Transmittal Form have been delivered to The Bank of New York. Your Federated Stock dividends will accrue for your account, without interest, and will be paid to you only upon completion of the exchange of your May Stock certificates.

**5. How many shares of May Stock did I own when the merger became effective?**

Your May Stock certificate number(s), denominations and any share balance held in the May Dividend Reinvestment Plan are shown on the upper right hand corner of the Transmittal Form.

**6. What is the "Federated Department Stores, Inc. Direct Purchase and Sale Plan Election" box for?**

If you would like to enroll the entire stock portion of your exchange entitlement into the Federated Direct Purchase and Sale Plan (the "Federated Plan"), please check the box on the Transmittal Form. By checking the box, you certify that you have received and read the enclosed Federated Buy Direct Purchase and Sale Plan brochure and agree to the Terms and Conditions of the Plan. All future cash dividends payable on such stock will be invested in additional shares of Federated Stock to be held in your Federated Plan account.

**7. If I check the box to enroll in the Federated Direct Purchase and Sale Plan, do I have to complete the Enrollment Form referred to in the brochure?**

No. If you check the box to enroll in the Federated Plan, you will be automatically enrolled in the Federated Plan and will not be required to complete the Enrollment Form referred to in the brochure provided by The Bank of New York.

**8. Is there a fee to enroll in the Federated Direct Purchase and Sale Plan?**

No. If you check the box to enroll in the Federated Plan, you will not be charged an enrollment fee.

**9. What happens to my May Stock held in the May Dividend Reinvestment Plan?**

If you hold May Stock solely through the May Dividend Reinvestment Plan, there are no certificates to exchange. However, you still need to complete the Transmittal Form and return it to the Exchange Agent in the envelope provided. If you also hold May Stock certificates, please include them in the same envelope. **If you would like to enroll the entire stock portion of your exchange entitlement in the Federated Plan, please check the box on the Transmittal Form and all future cash dividends payable on such stock will be invested in additional shares of Federated Stock.** You will receive a check in the mail for the cash portion of your exchange entitlement.

If we do not receive your completed Transmittal Form by October 14, 2005, your May Stock in the May Dividend Reinvestment Plan will be **automatically** exchanged and you will receive your cash and a Direct Registration Transaction Advice for your Federated Stock entitlement. Shares of Federated Stock issued in this way will NOT be enrolled in the Federated Plan and future cash dividends payable on such stock will not be invested in additional shares of Federated Stock.

**10. Do I have to enroll my Federated Stock entitlement in the Federated Direct Purchase and Sale Plan?**

No. Participation in the Federated Plan is strictly voluntary. The Bank of New York has enclosed a brochure describing the features of the Federated Plan. Please read the brochure carefully before making your decision on whether or not to enroll in the Federated Plan.

**11. What if my May Stock certificates have been lost, stolen or destroyed?**

If your May Stock certificates have been lost, stolen or destroyed, please complete the Affidavit of Lost, Stolen or Destroyed Certificate(s) on the back of the letter attached to the Transmittal Form. Federated will cause The Bank of New York to issue the amount of Federated Stock and cash to which you are entitled despite your inability to surrender your May Stock certificates. Please see instruction numbers 8, 9, 10 and 11 on pages 2 and 3 for complete details on

completing the Affidavit and calculating the bond premium payment which must be returned with your Affidavit of Lost, Stolen or Destroyed Certificate(s).

If you do not elect to use the Indemnity Bond #104503919, you may secure a bond from your own insurance provider. The insurance coverage must be an open penalty bond naming the issuer of the securities (or company) and the Bank as obligees (or creditors). The bond must cover the market value of the securities at the time of the presentation. You will need to provide The Bank of New York with any affidavit or other document submitted to your bond provider along with an original and duplicate copy of the bond in open penalty form and the issuer of the bond must be authorized to conduct an insurance business in the State of New York.

**12. What are the tax consequences of the merger to shareholders ?**

The cash portion of the exchange is expected to be subject to United States federal income tax at the capital gains rate. Shares of Federated Stock issued in the exchange will generally not be subject to any gain or loss for United States federal income tax purposes. You should review the joint proxy statement/prospectus that you received before the July 13, 2005 shareholder meeting and consult your tax advisor for information relating to your specific situation.

**13. Can I elect to receive my entitlement entirely in Federated Stock?**

No.

**14. What is the dividend policy of Federated?**

Federated has traditionally paid dividends on a quarterly basis. As part of the merger agreement with May, Federated agreed to raise its annual dividend to \$1 per share following the close of the transaction. The payment of dividends by Federated in the future however will depend on business conditions, Federated's management, financial condition and earnings, and other factors.

**15. What if my address has changed?**

Please make any address changes directly on the front of your Transmittal Form.

**16. What if my Tax ID number needs to be changed?**

Please complete Substitute Form W-9 on the back of your Transmittal Form.

**17. Can I transfer ownership in Federated entitlements to another individual or entity?**

Yes. Please complete the Special Transfer Instructions on the back of the Transmittal Form. For additional information please see Instruction 13.

**18. Can I have my Federated entitlements sent to an address other than the one where I live?**

Yes. Please complete the Special Delivery Instructions on the back of the Transmittal Form. For additional information please see Instruction 14.

**19. Should I sign my certificate(s) before returning them?**

No.

**20. What do I do if I hold shares of May Stock with my broker/dealer or custodian bank?**

Your broker/dealer or custodian bank will exchange these shares for you. Please contact them directly for verification.

**Please contact The Bank of New York at 1-800-292-2301 with any questions.  
Service representatives are available Monday through Friday,  
9:00 a.m. to 6:00 p.m. New York City time.**

**NOTICE OF MERGER**  
of  
**THE MAY DEPARTMENT STORES COMPANY**  
with  
**MILAN ACQUISITION LLC**  
a wholly owned subsidiary  
of  
**FEDERATED DEPARTMENT STORES, INC.**

To the Former Holders of Record of Common Stock of The May Department Stores Company:

NOTICE IS HEREBY GIVEN, pursuant to Section 262(d) of the General Corporation Law of the State of Delaware (the "DGCL"), that the merger (the "Merger") of The May Department Stores Company, a Delaware corporation ("May"), with and into Milan Acquisition LLC, a Delaware limited liability company ("Merger Sub"), pursuant to the Agreement and Plan of Merger, dated as of February 27, 2005 (the "Merger Agreement"), by and among May, Merger Sub and Federated Department Stores, Inc., a Delaware corporation and parent of Merger Sub ("Federated"), became effective on August 30, 2005 (the "Effective Date"). As a result of the Merger, the separate corporate existence of May terminated.

Pursuant to the Merger Agreement, on the Effective Date, each share of common stock, par value \$0.50 per share, of May (the "May Common Stock") issued and outstanding immediately prior to the Effective Date, by virtue of the Merger and without any action on the part of the holder thereof, was converted into the right to receive \$17.75 in cash, without interest thereon, and 0.3115 shares of common stock, par value \$0.01 per share, of Federated (the "Federated Common Stock"). Cash will be paid in lieu of the issuance of any fractional share of Federated Common Stock subject to and in accordance with the terms of the Merger Agreement.

**To obtain payment for your shares of May Common Stock, the enclosed Letter of Transmittal must be signed by or on behalf of the registered holder(s) of the certificate(s) representing your shares of May Common Stock (each, a "May Certificate"). The May Certificate(s) formerly representing such shares of May Common Stock, together with the enclosed Letter of Transmittal (or a manually signed facsimile thereof) must be presented by mail, by hand or by overnight courier to The Bank of New York, as Exchange Agent, at its address set forth on the enclosed Letter of Transmittal.**

Under Section 262 of the DGCL, persons who were holders of record of shares of May Common Stock immediately prior to the Effective Date who did not wish to accept payment for their shares of May Common Stock were entitled, in lieu of accepting payment therefor, to seek an appraisal of and be paid the fair value of their shares of May Common Stock, exclusive of any element of value arising from the accomplishment or expectation of the Merger, together with a fair rate of interest, if any, to be paid upon the amount determined to be the fair value. **Any former holder of record who wished to exercise this right of appraisal must have made a written demand to May prior to the taking of the vote on the Merger Agreement at the annual meeting of May stockholders on July 13, 2005. FURTHER APPRAISAL DEMANDS WILL NOT BE ACCEPTED.** Reference is made to the section entitled "The Merger – Appraisal Rights of May Stockholders" in May's Proxy Statement dated May 31, 2005, and Annex E thereto (which sets forth the text of Section 262 of the DGCL), previously delivered to May's stockholders, for a description of the procedures that must be followed to perfect appraisal rights.

Please read carefully all instructions in the enclosed Letter of Transmittal and make certain that the Letter of Transmittal is properly completed, signed and dated. Additional copies of this Notice of Merger and the Letter of Transmittal can be obtained from the Exchange Agent at its address set forth on the enclosed Letter of Transmittal or by calling 800-292-2301.

August 30, 2005

**GUIDELINES FOR CERTIFICATION OF TAXPAYER  
IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9**

GUIDELINES FOR DETERMINING THE PROPER IDENTIFICATION NUMBER TO GIVE THE PAYER — social security numbers have nine digits separated by two hyphens: e.g., 000-00-0000. Employer identification numbers have nine digits separated by only one hyphen: e.g., 00-0000000. The table below will help determine the number to give the payer.

<b>FOR THIS TYPE OF ACCOUNT:</b>	<b>GIVE THE TAXPAYER IDENTIFICATION NUMBER OF —</b>
1. An individual's account	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account <sup>(1)</sup>
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor <sup>(2)</sup>
4. Adult and minor (joint account)	The adult or, if the minor is the only contributor, the minor <sup>(1)</sup>
5. Account in the name of guardian or committee for a designated ward, minor, or incompetent person	The ward, the minor, or the incompetent person <sup>(5)</sup>
6. a. The usual revocable trust (grantor is also trustee)	The grantor-trustee <sup>(1)</sup>
b. So-called trust account that is not a legal or valid trust under state law	The actual owner <sup>(1)</sup>
7. Sole proprietorship	The owner <sup>(3)</sup>
8. A valid trust, estate, or pension trust	The legal entity (Do not furnish the identifying number of the personal representative or trustee unless the legal entity itself is not designated in the account title) <sup>(4)</sup>
9. Corporate account	The corporation
10. Religious, charitable, or educational organization account	The organization
11. Partnership account	The partnership
12. Association, club, or other tax-exempt organization	The organization
13. A broker or registered nominee	The broker or nominee
14. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

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- (1) List first and circle the name of the person whose number you furnish. If only one person on a joint account has a social security number, that person's number must be furnished.
  - (2) Circle the minor's name and furnish the minor's social security number.
  - (3) Show your individual name. You may also enter your business or "doing business as" name. You may use either your social security number or your employer identification number.
  - (4) List first and circle the name of the legal trust, estate, or pension trust.
  - (5) Circle the ward's, minor's, or incompetent person's name and furnish such person's social security number.

NOTE: If no name is circled when there is more than one name listed, the number will be considered to be that of the first name listed.

# GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

## PAGE 2

Note: Section references are to the Internal Revenue Code unless otherwise noted.

### **OBTAINING A NUMBER**

If you do not have a taxpayer identification number or you do not know your number, obtain Form SS-5, Application for a social security number card (for individuals), or Form SS-4, Application for Employer Identification Number (for businesses and all other entities), at the local office of the Social Security Administration or the Internal Revenue Service (the "IRS") and apply for a number.

### **PAYEES AND PAYMENTS EXEMPT FROM BACKUP WITHHOLDING**

The following is a list of payees exempt from backup withholding and for which no information reporting is required. For interest and dividends, all listed payees are exempt except item (9). For broker transactions, payees listed in items (1) through (13) and persons registered under the Investment Advisors Act of 1940 who regularly act as brokers are exempt. Payments subject to reporting under sections 6041 and 6041A are generally exempt from backup withholding only if made to payees described in items (1) through (7), except a corporation (other than certain hospitals described in Regulations section 1.6041-3(c)) that provides medical and health care services or bills and collects payments for such services is not exempt from backup withholding or information reporting. Only payees described in items (1) through (5) are exempt from backup withholding for barter exchange transactions and patronage dividends.

- (1) An organization exempt from tax under section 501(a), or an IRA, or a custodial account under section 403(b)(7), if the account satisfies the requirements of section 401(f).
- (2) The United States or any of its agencies or instrumentalities.
- (3) A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities.
- (4) A foreign government or any of its political subdivisions, agencies or instrumentalities.
- (5) An international organization or any of its agencies or instrumentalities.
- (6) A corporation.
- (7) A foreign central bank of issue.
- (8) A dealer in securities or commodities required to register in the United States, the District of Columbia or a possession of the United States.
- (9) A futures commission merchant registered with the Commodity Futures Trading Commission.
- (10) A real estate investment trust.
- (11) An entity registered at all times during the tax year under the Investment Company Act of 1940.
- (12) A common trust fund operated by a bank under section 584(a).
- (13) A financial institution.
- (14) A middleman known in the investment community as a nominee or listed in the most recent publication of the American Society of Corporate Secretaries, Inc., Nominee List.
- (15) A trust exempt from tax under section 664 or described in section 4947.

Payments of dividends and patronage dividends that generally are exempt from backup withholding include the following:

Payments to nonresident aliens subject to withholding under section 1441.

Payments to partnerships not engaged in a trade or business in the U.S. and which have at least one nonresident alien partner.

Payments of patronage dividends not paid in money.

Payments made by certain foreign organizations.

Section 404(k) payments made by an ESOP.

Payments of interest that generally are exempt from backup withholding include the following:

Payments of interest on obligations issued by individuals. Note: You may be subject to backup withholding if this interest is \$600 or more and is paid in the course of the payer's trade or business and you have not provided your correct taxpayer identification number to the payer.

Payments of tax-exempt interest (including exempt-interest dividends under section 852).

Payments described in section 6049(b)(5) to nonresident aliens.

Payments on tax-free covenant bonds under section 1451.

Payments made by certain foreign organizations.

Payments of mortgage interest to you.

Exempt payees described above should file substitute Form W-9 to avoid possible erroneous backup withholding. FILE THIS FORM WITH THE PAYER, FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, WRITE "EXEMPT" ON THE FACE OF THE FORM, SIGN AND DATE THE FORM AND RETURN IT TO THE PAYOR. IF YOU ARE A NON-RESIDENT ALIEN OR A FOREIGN ENTITY NOT SUBJECT TO BACKUP WITHHOLDING, FILE WITH PAYER A COMPLETED INTERNAL REVENUE FORM W-8 (CERTIFICATE OF FOREIGN STATUS).

Payments that are not subject to information reporting are also not subject to backup withholding. For details, see sections 6041, 6041A, 6042, 6044, 6045, 6049, 6050A and 6050N and the regulations promulgated thereunder.

**PRIVACY ACT NOTICE.** Section 6109 requires most recipients of dividend, interest, or other payments to give taxpayer identification numbers to payers who must report the payments to the IRS. The IRS uses the numbers for identification purposes. The IRS may also provide the information to the Department of Justice for civil and criminal litigation and to cities, states and the District of Columbia to carry out their tax laws. You must provide your taxpayer identification number whether or not you are required to file a tax return. Payers must generally withhold 28% of taxable interest, dividend, and certain other payments to a payee who does not furnish a taxpayer identification number to a payer. Certain penalties may also apply.

### **Penalties**

(1) **PENALTY FOR FAILURE TO FURNISH TAXPAYER IDENTIFICATION NUMBER.** If you fail to furnish your correct taxpayer identification number to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) **CIVIL PENALTY FOR FALSE INFORMATION WITH RESPECT TO WITHHOLDING.** If you make a false statement with no reasonable basis which results in no imposition of backup withholding, you are subject to a penalty of \$500.

(3) **CRIMINAL PENALTY FOR FALSIFYING INFORMATION.** Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE.