

FEDERATED DEPARTMENT STORES INC /DE/
Form 11-K
July 14, 2006

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES AND EXCHANGE ACT OF 1934

For fiscal year ended December 31, 2005

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____ to ____

Commission file number: 1-13536

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

**THE MAY DEPARTMENT STORES COMPANY
PROFIT SHARING PLAN**

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Federated Department Stores, Inc.
7 West Seventh Street
Cincinnati, Ohio 45202

and

151 West 34th Street
New York, New York 10001

THE MAY DEPARTMENT STORES COMPANY
PROFIT SHARING PLAN
FINANCIAL STATEMENTS AND EXHIBITS

Listed below are all financial statements and exhibits filed as part of this annual report on Form 11-K:

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| December 31, 2005 | |
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| Exhibit 23.2-Consent of Independent Registered Public Accounting Firm | |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Administrator of The May Department Stores Company Profit Sharing Plan has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

THE MAY DEPARTMENT STORES COMPANY PROFIT
SHARING PLAN

Dated: July 14, 2006

By : /s/ Karen M. Hoguet
Karen M. Hoguet
Chairman of the Pension and Profit Sharing
Committee

***The May Department Stores Company Profit
Sharing
Plan***

Financial Statements as of and for the
Years Ended December 31, 2005 and 2004, Supplemental Schedule as
of
December 31, 2005, and
Report of Independent Registered Public Accounting Firm

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Pension and Profit Sharing Committee

Federated Department Stores, Inc.:

We have audited the accompanying statement of net assets available for benefits of The May Department Stores Company Profit Sharing Plan (the "Plan") as of December 31, 2005, and the related statement of changes in net assets available for benefits for the year ended December 31, 2005. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. The accompanying financial statements of the Plan as of and for the year ended December 31, 2004, were audited by other auditors whose report therein dated June 22, 2005, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2005 financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2005, and the changes in net assets available for benefits for the year ended December 31, 2005, in conformity with U.S. generally accepted accounting principles.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of Form 5500, Schedule H, Line 4j-Schedule of Assets (Held at End of Year) are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ KPMG LLP

Cincinnati, Ohio

June 28, 2006

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Retirement Committee of the Board of Directors

The May Department Stores Company:

We have audited the accompanying statement of net assets available for benefits of The May Department Stores Company Profit Sharing Plan (the "Plan") as of December 31, 2004, and the related statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2004, and the changes in its net assets available for benefits for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

St. Louis, Missouri

June 22, 2005

**THE MAY DEPARTMENT STORES COMPANY
PROFIT SHARING PLAN**

**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2005 AND 2004
(In thousands)**

| | 2005 | | 2004 |
|---|---------------------|-----------|------------------|
| ASSETS: | | | |
| Investments, at fair value: | | | |
| Federated Department Stores, Inc. Common Stock (Note 1) | \$ 775,788 | \$ | - |
| The May Department Stores Company (Note 1): | | | |
| ESOP preference stock | - | | 416,610 |
| Common stock | - | | 354,184 |
| Commingled equity index funds | 485,422 | | 361,759 |
| Short-term investment fund | 225,331 | | 139,825 |
| U.S. government securities | 78,001 | | 55,678 |
| Fixed income investments | 34,048 | | 35,615 |
| Total investments | 1,598,590 | | 1,363,671 |
| Other assets: | | | |
| Receivable-employer contribution | 23,896 | | - |
| Dividends and interest receivable | 5,147 | | 1,488 |
| Due from broker for securities sold and other | 2,912 | | - |
| Total assets | 1,630,545 | | 1,365,159 |
| LIABILITIES: | | | |
| Due to broker for securities purchases and other | 5,905 | | 9,079 |
| Accrued administrative expenses | 784 | | 841 |
| Total liabilities | 6,689 | | 9,920 |
| NET ASSETS AVAILABLE FOR BENEFITS | \$ 1,623,856 | \$ | 1,355,239 |
| See notes to financial statements. | | | |

**THE MAY DEPARTMENT STORES COMPANY
PROFIT SHARING PLAN**

**STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEARS ENDED DECEMBER 31, 2005 AND 2004
(In thousands)**

| | 2005 | 2004 |
|--|---------------------|---------------------|
| ADDITIONS: | | |
| Contributions: | | |
| Member | \$ 122,085 | \$ 106,948 |
| Employer contribution | 23,896 | - |
| Employer ESOP contribution | - | 80,980 |
| Total contributions | 145,981 | 187,928 |
| Investment income: | | |
| Appreciation/(depreciation) in fair value of investments: | | |
| Federated Department Stores, Inc. Common Stock (Note 1) | 51,975 | - |
| The May Department Stores Company (Note 1): | | |
| ESOP preference stock | 57,087 | 4,906 |
| Common stock | 118,826 | 5,579 |
| Commingled equity index funds | 27,323 | 37,901 |
| U.S. government securities | (2,247) | (1,489) |
| Fixed income investments | (1,640) | (591) |
| Total appreciation/(depreciation) in fair value of investments | 251,324 | 46,306 |
| Dividends | 20,790 | 28,434 |
| Interest | 12,429 | 7,007 |
| Total dividend and interest income | 33,219 | 35,441 |
| Total additions | 430,524 | 269,675 |
| DEDUCTIONS: | | |
| Benefits paid to members | (156,564) | (128,410) |
| Administrative expenses (Note 2) | (4,937) | (5,062) |
| Cash dividend payments to members | (406) | (366) |
| Interest expense on ESOP loan | - | (2,571) |
| Total deductions | (161,907) | (136,409) |
| INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS | 268,617 | 133,266 |
| NET ASSETS AVAILABLE FOR BENEFITS-Beginning of year | 1,355,239 | 1,221,973 |
| NET ASSETS AVAILABLE FOR BENEFITS-End of year | \$ 1,623,856 | \$ 1,355,239 |

See notes to financial statements.

**THE MAY DEPARTMENT STORES COMPANY
PROFIT SHARING PLAN**

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2005 AND 2004

1. DESCRIPTION OF THE PLAN

The following description of The May Department Stores Company Profit Sharing Plan (the "Plan") is provided for general informational purposes only. Associates should refer to the Plan document dated January 1, 2004, and Summary Plan Description dated November 2002 (with updates) for more complete information.

General-The Plan is a defined contribution profit sharing plan. The Plan covers certain eligible associates of Federated Department Stores, Inc., a Delaware corporation, and its subsidiaries or affiliates who elect to participate in the Plan. An associate's membership in the Plan is voluntary.

Merger of Federated and May- On August 30, 2005, The Federated Department Stores Company, Inc. ("Federated") completed its acquisition of The May Department Stores Company ("May"). On that day, in accordance with the merger agreement, each May share in the Plan's May Common Stock Fund and the May ESOP Preference Fund were converted into .3115 shares of Federated common stock and \$17.75 in cash. The Federated common shares and cash received were then automatically transferred into a new Federated Common Stock Fund in the Plan.

Immediately following the merger, The Bank of New York, the Plan Trustee began investing the cash received by the Federated Common Stock Fund in additional Federated common shares. This activity occurred throughout September 2005 and was completed on September 28, 2005. The new Federated Common Stock Fund is now, on an ongoing basis, comprised primarily of Federated common shares, with a small amount (approximately 1% of the fund) in short-term investments for daily liquidity needs.

Eligible Associates-An associate is eligible to join the Plan upon becoming a member of The May Department Stores Company Retirement Plan ("May Retirement Plan"). In general, associates employed in a former May Department Stores Company location (as determined on the merger date with Federated) or any of its subsidiaries or affiliates (excluding associates of After Hours Formalwear, Inc., foreign national associates working in foreign countries and certain members of collective bargaining units) become members of the May Department Stores Company Retirement Plan upon attaining age 21 and working for at least one year in which they are paid for 1,000 hours or more.

Member Contributions-Plan members may contribute 1% to 50% (1% to 15% for "highly compensated associates") of their pay as defined by the Plan. Contributions may be made prior to federal and certain other income taxes pursuant to Section 401(k) of the Internal Revenue Code.

Employer Contribution- Participating Plan members are entitled to an annual employer contribution equal to a matching rate times a member's basic contributions (generally, contributions up to 5% of pay).

The planned employer contribution for the 2005 Plan year was based on the 2005 fiscal year earnings performance of May (determined on a stand-alone basis) compared to the prior fiscal year. Based on May's performance for 2005, the annual matching rate was 33-1/3%, the guaranteed minimum matching rate provided by the Plan. Also, in accordance with the Federated-May merger agreement, members who were employed on the merger date of August 30, 2005, were entitled to a prorated 2005 employer contribution (based on member contributions through August 30, 2005) if it produced a greater result than the member's 2005 annual employer contribution.

The 2005 employer contribution was contributed in cash directly to the Federated Common Stock Fund on March 31, 2006. The Plan Trustee used the cash contribution to immediately purchase additional Federated common shares in that Fund.

The employer contribution for the 2004 Plan year was based on the 2004 fiscal year earnings per share performance of May compared to the prior fiscal year. Member accounts were allocated May ESOP Preference Shares for 2004,

which was the last year for which the employer contribution was made in the form of ESOP Preference Shares under the Plan's leveraged ESOP feature.

To fund the 2004 employer contribution, ESOP Preference Shares were allocated to members' accounts at their original cost to the Plan of \$507 per share (\$15.01 per common share equivalent). Because the ESOP Preference Shares were convertible into May common stock, the ESOP Preference Shares were worth more than original cost when the market value of May common stock was higher than \$15.01 per share. The market value of the employer contribution, divided by members' matchable contributions, was the match rate. The Plan's match rate was 94% for the 2004 Plan year.

Members are permitted to elect to immediately redirect the value of employer contributions to other investment options in the Plan.

Investments-Members' contributions may be invested in any of the following participant-directed investment funds:

Money Market Fund-Invests in the Bank of New York Collective Short-Term Investment Fund, which invests in short-term (less than one year) obligations of high-quality issuers including banks, corporations, municipalities, the U.S. Treasury and other federal agencies.

Bond Index Fund-Invests primarily in corporate, U.S. Government, federal agency and certain foreign obligations that make up the Lehman Intermediate Government/Credit Bond Index. The Lehman Intermediate Government/Credit Bond Index represents the combined overall performance of intermediate-term, fixed income securities that have maturities ranging from one to 10 years, with an average maturity of four years.

Balanced Equity/Bond Fund-Invests in the S&P 500 Equity Index Fund and the Bond Index Fund, with a current targeted investment allocation of approximately 60% to the S&P 500 Equity Index Fund and 40% to the Bond Index Fund. The fund is rebalanced by the Plan's Trustee at the end of each calendar quarter.

S&P 500 Equity Index Fund-Invests primarily in the Northern Trust Collective Daily Stock Index Fund, a collective trust which invests in the common stock of corporations that make up the Standard & Poor's 500 Composite Stock Price Index. This index represents the composite performance of 500 major stocks in the United States. Investment mix is determined based on the relative market size of the 500 corporations, with larger corporations making up a higher proportion than smaller corporations.

Russell 2000 Equity Index Fund-Invests primarily in the Northern Trust Daily Russell 2000 Equity Index Fund, a collective trust which invests in the common stock of corporations that make up the Russell 2000 Index. This Index is commonly used to represent the small market capitalization (small company) segment of the U.S. equity market. Investment mix is determined based on the relative market size of 2,000 corporations, with larger corporations in this group making up a higher proportion than smaller corporations.

International Equity Index Fund-Invests primarily in the Northern Trust Daily EAFE Equity Index Fund, a collective trust which invests in the common stock of corporations that make up the Morgan Stanley Capital International Europe, Australasia and Far East Index. Investment mix is determined based on the relative country weights within the Index, with securities issued in countries having larger economies making up a higher proportion than countries with smaller economies.

Federated Common Stock Fund (established August 30, 2005)-Invests primarily in the common stock of Federated.

May Common Stock Fund (discontinued August 30, 2005)-Invested primarily in the common stock of May.

The investments are exposed to various risks such as interest rate, credit, overall market volatility, political, currency and regulatory risks. Further, due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of investments will occur in the near term and such changes could materially affect the amounts reported in the Statements of Net Assets Available for Benefits.

Vesting-The method of calculating vesting service is the elapsed time method. Elapsed time is measured by calculating the time that has elapsed between the member's hire date and retirement date/termination date (excluding certain break-in-service periods). Plan members are 100% vested in (a) May Common Stock Fund dividends earned in their company accounts beginning with the 2002 quarterly dividends, (b) ESOP Preference Fund dividends earned in their company accounts beginning with the October 2004 semi-annual dividend and (c) Federated Common Stock Fund dividends earned in their company accounts beginning with the December 2005 quarterly dividend.

Plan members are vested in the remainder of their company accounts in accordance with the following schedule:

| Years of Vesting Service | Vesting Percentage |
|---------------------------------|---------------------------|
| Less than 2 years | 0 % |
| 2 years | 20 % |
| 3 years | 40 % |
| 4 years | 60 % |
| 5 years | 80 % |
| 6 years | 100 % |

Plan members are always fully vested in the value of their member accounts.

Payment of Benefits-Amounts in a member's account and the vested portion of a member's company account may be distributed upon retirement, death or termination of employment. Distributions from the employer securities funds are made in shares of employer common stock or cash. All other distributions are made in cash.

Dividend Passthrough-The Plan's employer security funds are ESOPs under Section 4975(e)(7) of the Internal Revenue Code. This feature allows members with accounts in the Federated Common Stock Fund (or in the May Common Stock Fund or ESOP Preference Fund prior to the merger) to elect to either reinvest employer stock dividends into their Plan accounts or to receive these dividends in cash each quarter.

Administration of the Plan-The Plan is administered by a committee appointed by the Board of Federated Department Stores, Inc. The assets of the Plan are held in a trust for which The Bank of New York is the Trustee.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation-The accompanying financial statements of the Plan have been prepared on the accrual basis of accounting.

Investments-The Plan's investments in common stock, U.S. government securities and fixed income securities are stated at fair value based on publicly reported price information. Investments in commingled equity index funds are stated at fair value as determined by the investment manager. Short-term investments are recorded at cost, which approximates fair value. Each ESOP Preference Share was valued at the greater of (a) the guaranteed minimum value (original cost) of \$507 per share (plus accrued dividends) or (b) a conversion value equal to the market price of May common stock multiplied by the conversion rate for each ESOP Preference Share. As of December 31, 2004 the ESOP Preference Shares were valued at their conversion value of \$993 per share.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date. Realized gains and losses are recorded using the average cost method.

Federal Income Taxes-The Trust established under the Plan to hold the Plan's assets is tax exempt under 501(a) as the Plan is qualified pursuant to Sections 401(a), 401(k) and 4975(e)(7) of the Internal Revenue Code ("IRC") and accordingly, the Trust's net investment income is exempt from income taxes. The Internal Revenue Service has determined and informed the Company by a letter dated February 10, 2005, that the Plan and related trust are designed in accordance with applicable sections of the IRC. Although the Plan has been amended since receiving the determination letter, the Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

Employer allocations and contributions, member before-tax contributions and any cumulative investment returns on member accounts are not taxable to the members until distributions are made.

Administrative Expenses-All administrative expenses are paid by the Plan. These expenses include an allocable portion of data processing services provided by the Company and salaries and benefits for associates who provide services to the Plan. The Company allocated approximately \$1,053,000 and \$1,138,000 in administrative expenses to the Plan in 2005 and 2004, respectively.

Valuation of the Trust-The Plan provides for daily valuations of the accounts.

The value of ESOP preference shares in the ESOP Preference Fund (discontinued August 30, 2005) is determined based on the greater of the guaranteed minimum value (plus accrued dividends) or conversion value.

The unit values of all other investment funds are determined by dividing the market value of the particular investment fund by the total number of units outstanding in all member accounts in such investment fund. On each valuation date, the value of each fund is redetermined and account balances in each fund are adjusted as follows:

- (a) All payments made from an account (except for the ESOP Preference Fund) are valued based on the unit value as of the distribution date. Payments from the ESOP Preference Fund prior to August 30, 2005, were valued based on the greater of the guaranteed minimum value (plus accrued dividends) or conversion value, as of the distribution date.
- (b) Member contributions are invested in the chosen investment funds by the participant on each paycheck date.
- (c) In the event that a member's employment is terminated and a portion of such member's company account has been forfeited, the forfeited units shall be cancelled as of the last day of the Plan year. The dollar amount of such forfeited units is reallocated among the remaining members of the Plan as of the last day of the Plan year in the same manner as the employer contributions for such year. At December 31, 2005 and 2004, forfeited non-vested accounts totaled \$2,115,000 and \$1,712,000 respectively.

Due to/from Brokers for Securities Sold and Other-These amounts represent contributions provided to the Plan's brokers for investment securities to be purchased, or proceeds not yet received from brokers for investments that have been sold.

Use of Estimates-The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and the reported amounts of additions to and deductions from net assets available for benefits during the year. Actual results could differ from those estimates.

3. INVESTMENTS

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The fair value of the Plan's investments that represent 5% or more of the Plan's net assets available for benefits as of December 31, 2005 and 2004, are as follows (fair value in thousands):

| Description of Investments | December 31, 2005 | | December 31, 2004 | |
|---|--------------------------------------|------------|--------------------------------------|------------|
| | Number of Shares or Principal Amount | Fair Value | Number of Shares or Principal Amount | Fair Value |
| Federated Department Stores, Inc. Common Stock | 11,695,880 | \$ 775,788 | - | \$ - |
| ESOP Preference Stock: | | | | |
| Unallocated (nonparticipant-directed) | - | \$ - | 57,726 | \$ 57,342 |
| Member allocated | - | - | 361,672 | 359,268 |
| Total | - | \$ - | 419,398 | \$ 416,610 |
| The May Department Stores Company Common Stock | - | \$ - | 12,047,082 | \$ 354,184 |
| Northern Trust Collective Daily Stock Index Fund | 95,368 | \$ 316,204 | 86,469 | \$ 273,200 |
| The Bank of New York Collective Short-Term Investment Fund- | | | | |
| Master Notes | \$ 225,331,470 | \$ 225,331 | \$ 139,824,721 | \$ 139,825 |
| All other assets held less than 5% of the Plan's net assets | - | \$ 281,267 | - | \$ 179,852 |

At December 31, 2005, the Plan beneficially owned Federated's Common Stock, representing 4.3% of the voting power of the Federated Department Stores, Inc.

At December 31, 2004, the Plan beneficially owned May's Common Stock and May's ESOP Preference Shares, representing 8.6% of the voting power of May Department Stores Company.

4. NONPARTICIPANT-DIRECTED NET ASSETS

Investments in the ESOP Preference Fund (unallocated account) were nonparticipant-directed. Information about the net assets and the significant components of the changes in net assets relating to the nonparticipant-directed investments is as follows (dollars in thousands):

| Investments: | December 31, | |
|---|--------------|-----------|
| | 2005 | 2004 |
| ESOP Preference Stock (unallocated account) | \$ - | \$ 57,342 |
| Short-term investments | - | 1,099 |
| Accrued interest | - | 2 |
| Total investments | - | 58,443 |

| | | |
|---|--------------------------------|-----------|
| Employer allocation | - | (58,443) |
| Net assets | \$ - | \$ - |
| | Year Ended December 31, | |
| | 2005 2004 | |
| Changes in net assets: | | |
| Employer ESOP contribution | \$ - | \$ 22,538 |
| Net appreciation in fair value of investments | - | (5,758) |
| Interest and Dividends | - | 3,358 |
| Interest expense | - | (2,571) |
| Increase in net assets | \$ - | \$ 17,567 |

5. RELATED PARTIES

Certain Plan investments are shares of The Bank of New York Collective Short-Term Investment Fund. The Bank of New York is the Trustee of the Plan and, therefore, these transactions qualify as party-in-interest. In addition, the Plan paid the Trustee approximately \$804,000 and \$593,000 in administrative expenses, principally Trustee fees, in 2005 and 2004, respectively.

The Plan holds the common shares of Federated Department Stores, Inc., the Plan administrator. Federated common shares held by the Plan were 49% of the Plan's total investments at December 31, 2005.

6. RECONCILIATION TO FORM 5500

As of December 31, 2005 and 2004, the Plan had approximately \$24,872,000 and \$11,587,000, respectively, of pending distributions to participants. These amounts are included in net assets available for benefits. For reporting on the Plan's Form 5500, these amounts will be classified as benefit claims payable with a corresponding reduction in net assets available for benefits. The following table reconciles the financial statements to the Form 5500, which will be filed by the Plan for the Plan years ended December 31, 2005 and 2004 (dollars in thousands):

| | | 2005 | |
|---|---|----------------------|--|
| | Benefits Payable to Participants | Benefits Paid | Net Assets Available for Benefits |
| Per 2005 financial statements | \$ - | \$ 156,564 | \$ 1,623,856 |
| Pending benefit distributions-December 31, 2005 | 24,872 | 24,872 | (24,872) |
| Pending benefit distributions-December 31, 2004 | - | (11,587) | - |
| Per 2005 Form 5500 | \$ 24,872 | \$ 169,849 | \$ 1,598,984 |
| | | 2004 | |
| | Benefits Payable to Participants | Benefits Paid | Net Assets Available for Benefits |
| Per 2004 financial statements | \$ - | \$ 128,410 | \$ 1,355,239 |
| Pending benefit distributions-December 31, 2004 | 11,587 | 11,587 | (11,587) |
| Pending benefit distributions-December 31, 2003 | - | (13,287) | - |
| Per 2004 Form 5500 | \$ 11,587 | \$ 126,710 | \$ 1,343,652 |

7. DISTRIBUTION OF ASSETS UPON TERMINATION OF THE PLAN

The Company reserves the right to terminate the Plan, in whole or in part, at any time. If an employer shall cease to be a participating employer in the Plan, the accounts of the members of the withdrawing employer shall be revalued as if such withdrawal date were a valuation date. The Plan Committee is then to direct the Trustee either to distribute the accounts of the members of the withdrawing employer as of the date of such withdrawal on the same basis as if the Plan had been terminated, or to deposit in a trust established by the withdrawing employer, pursuant to a plan substantially similar to the Plan, assets equal in value to the assets allocable to the accounts of the members of the withdrawing employer.

If the Plan is terminated at any time or contributions are completely discontinued and the Company determines that the trust shall be terminated, the members' company accounts shall become fully vested and nonforfeitable, all accounts shall be revalued as if the termination date were a valuation date and such accounts shall be distributed to members.

If the Plan is terminated or contributions completely discontinued but the Company determines that the trust shall be continued pursuant to the terms of the trust agreement, no further contributions shall be made by members or the employer and the members' company accounts shall become fully vested, but the trust shall be administered as though the Plan were otherwise in effect.

* * * * *

**THE MAY DEPARTMENT STORES COMPANY
PROFIT SHARING PLAN**

**FORM 5500, SCHEDULE H, LINE 4i-
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2005
(Cost and Fair Value in Thousands)**

Employer #: 13-3324058
Plan #: 024

| (a) | (b) Identity of Issue | (c) Number of Shares or Principal Amount | (d) Cost | (e) Fair Value |
|-----|--|--|-------------|----------------------|
| * | FEDERATED DEPARTMENT STORES, INC. COMMON STOCK | 11,695,880 | \$ 725,601 | \$ 775,788 |
| | COMMINGLED EQUITY INDEX FUNDS: | | | |
| | Northern Trust Collective Daily Stock Index Fund | 95,368 | 287,717 | 316,204 |
| | Northern Trust Daily Russell 2000 Fund | 128,007 | 86,628 | 99,846 |
| | Northern Trust Daily EAFE Equity Index Fund | 214,772 | 58,753 | 69,372 |
| | Commingled Equity Index Funds Total | | 433,098 | 485,422 |
| | SHORT-TERM INVESTMENT FUND: | | | |
| * | The Bank of New York Collective Short-Term Investment Fund-Master Notes | \$ 225,331,470 | 225,331 | 225,331 |
| | U.S. GOVERNMENT SECURITIES: | | | |
| | U.S. Treasury Notes: | | | |
| | 6.87%, due 5/15/06 | \$ 2,645,000 | 2,965 | 2,669 |
| | 6.50%, due 10/15/06 | \$ 4,550,000 | 5,171 | 4,619 |
| | 6.625%, due 5/15/07 | \$ 5,135,000 | 5,578 | 5,284 |
| | 3.0%, due 2/15/08 | \$ 6,425,000 | 6,302 | 6,244 |
| | 5.625%, due 5/15/08 | \$ 5,350,000 | 5,691 | 5,496 |
| | 3.5%, due 2/15/10 | \$ 7,025,000 | 6,854 | 6,795 |
| | 5.75%, due 8/15/10 | \$ 2,005,000 | 2,245 | 2,121 |
| | 5.0%, due 8/15/11 | \$ 2,600,000 | 2,771 | 2,684 |
| | 4.25%, due 8/15/13 | \$ 6,520,000 | 6,519 | 6,462 |
| | 4.25%, due 8/15/14 | \$ 3,860,000 | 3,848 | 3,818 |
| | 4.0%, due 2/15/15 | \$ 6,295,000 | 6,179 | 6,104 |
| | 4.5%, due 11/15/15 | \$ 1,050,000 | 1,064 | 1,059 |
| | Total U.S. Treasury Notes | | 55,187 | 53,355 |

* Also a party-in-interest.

(Continued)

| (a) | (b) Identity of Issue | (c) Principal Amount | (d) Cost | (e) Fair Value |
|-----|--------------------------|----------------------------|-------------|----------------------|
|-----|--------------------------|----------------------------|-------------|----------------------|

U.S. GOVERNMENT SECURITIES (Continued):

U.S. Government Agency Securities:

Federal National Mortgage Association:

| | | | |
|----------------------|--------------|----------|----------|
| 4.375%, due 10/15/06 | \$ 1,750,000 | \$ 1,764 | \$ 1,745 |
| 5.25%, due 4/15/07 | \$ 2,500,000 | 2,638 | 2,515 |
| 6.0%, due 5/15/08 | \$ 4,300,000 | 4,746 | 4,421 |
| 6.375%, due 6/15/09 | \$ 2,200,000 | 2,373 | 2,310 |
| 4.37%, due 3/15/13 | \$ 2,050,000 | 2,024 | 1,995 |

Federal Home Loan Mortgage Corp.:

| | | | |
|---------------------|--------------|-------|-------|
| 2.75%, due 10/15/06 | \$ 875,000 | 862 | 862 |
| 5.75%, due 4/15/08 | \$ 3,500,000 | 3,899 | 3,576 |
| 6.0%, due 6/15/11 | \$ 2,995,000 | 3,346 | 3,170 |
| 6.62%, due 9/15/09 | \$ 1,950,000 | 2,243 | 2,072 |
| 4.5%, due 1/15/14 | \$ 1,600,000 | 1,561 | 1,571 |

Interamerican Devlpmt Bk, 5.75%, due 2/26/08

\$ 400,000 398 409

Total U.S. government agency securities

25,854 24,646

U.S. Government Securities Total

81,041 78,001

FIXED INCOME INVESTMENTS:

Bank Corporate Bonds:

| | | | |
|---|------------|-------|-------|
| Bank America Corp., 7.125%, due 9/15/06 | \$ 600,000 | 669 | 609 |
| Bank America Corp., 7.4%, due 1/15/11 | \$ 900,000 | 1,050 | 991 |
| Bayerische Landesbank, 5.875%, due 12/01/08 | \$ 450,000 | 449 | 465 |
| Morgan JP & Co., Inc., 6.7%, due 11/1/07 | \$ 150,000 | 161 | 154 |
| Morgan JP & Co., Inc., 4.6%, due 1/17/11 | \$ 250,000 | 250 | 245 |
| Morgan JP & Co., Inc., 4.5%, due 1/15/12 | \$ 835,000 | 817 | 808 |
| National Australia Bank, 8.6%, due 5/19/10 | \$ 450,000 | 449 | 512 |
| Wachovia, 6.25%, due 8/4/08 | \$ 620,000 | 686 | 639 |
| Wachovia, 6.625%, due 2/17/09 | \$ 300,000 | 293 | 289 |
| Washington Mutual, 6.875%, due 6/15/11 | \$ 710,000 | 794 | 767 |
| Wells Fargo & Co., 5.12%, due 9/1/12 | \$ 250,000 | 260 | 252 |
| Total bank corporate bonds | | 5,878 | 5,731 |

Finance and Insurance Corporate Bonds:

| | | | |
|--|------------|-----|-----|
| American Gen Fin Corp., 5.375%, due 9/1/09 | \$ 130,000 | 138 | 131 |
| Capital One Bank Md Term, 6.5%, due 6/13/13 | \$ 650,000 | 701 | 691 |
| Citigroup Inc., 7.375%, due 4/2/07 | \$ 200,000 | 207 | 206 |
| Citigroup Inc., 4.125%, due 2/22/10 | \$ 500,000 | 499 | 486 |
| Citigroup Inc., 7.25%, due 10/1/10 | \$ 410,000 | 469 | 447 |
| Credit Suisse First Boston USA, 6.125%, due 11/15/11 | \$ 300,000 | 297 | 315 |
| Deutsche Telekom International, 8.5%, due 6/5/10 | \$ 170,000 | 193 | 193 |

(Continued)

| (a) | (b) Identity of Issue | (c) Principal Amount | (d) Cost | (e) Fair Value |
|-----|--------------------------|----------------------------|-------------|----------------------|
|-----|--------------------------|----------------------------|-------------|----------------------|

FIXED INCOME INVESTMENTS (Continued):

Finance and Insurance Corporate Bonds (Continued):

| | | | |
|--|------------|--------|--------|
| Diageo Financial Bv., 5.3%, due 10/28/15 | \$ 600,000 | \$ 597 | \$ 605 |
| ERP Oper Ltd Ptnrsp., 5.25%, due 9/15/14 | \$ 460,000 | 469 | 458 |

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| | | | | |
|--|----|-----------|--------|--------|
| General Electric Cap, 6.5%, due 12/10/07 | \$ | 500,000 | 569 | 515 |
| General Electric Cap, 3.5%, due 5/1/08 | \$ | 500,000 | 500 | 486 |
| General Electric Cap., 5.875%, due 2/15/12 | \$ | 1,350,000 | 1,444 | 1,408 |
| General Mills, Inc., 5.12%, due 2/15/07 | \$ | 250,000 | 260 | 250 |
| Goldman Sachs Group, Inc., 6.875%, due 1/15/11 | \$ | 250,000 | 255 | 269 |
| Goldman Sachs Group, Inc., 4.75%, due 7/15/13 | \$ | 630,000 | 626 | 611 |
| Household Finance Corp., 6.5%, due 2/1/09 | \$ | 250,000 | 282 | 259 |
| Household Finance Corp., 4.75%, due 5/15/09 | \$ | 500,000 | 514 | 495 |
| HSBC Financial Corp., 6.75%, due 5/15/11 | \$ | 450,000 | 505 | 483 |
| Lehman Brothers Hldg., 3.5%, due 8/7/08 | \$ | 450,000 | 448 | 434 |
| MBNA Corp., 6.125%, due 3/1/13 | \$ | 100,000 | 100 | 106 |
| Merrill Lynch & Co., 3.0%, due 4/30/07 | \$ | 275,000 | 270 | 268 |
| Morgan Stanley., 5.8%, due 4/1/07 | \$ | 700,000 | 748 | 707 |
| Toyota Motor Corp., 5.5%, due 12/15/08 | \$ | 450,000 | 449 | 458 |
| Unilever Cap., 7.125%, due 11/1/10 | \$ | 125,000 | 136 | 136 |
| Total finance and insurance corporate bonds | | | 10,676 | 10,417 |
| Industrial Corporate Bonds: | | | | |
| AOL Time Warner, Inc., 6.125%, due 4/15/06 | \$ | 300,000 | 318 | 301 |
| Atlantic Richfield Co., 5.9%, due 4/15/09 | \$ | 450,000 | 448 | 467 |
| Burlington Northern, 4.875%, due 1/15/15 | \$ | 815,000 | 811 | 799 |
| Cendant Corp, 7.375%, due 1/15/13 | \$ | 100,000 | 113 | 112 |
| Comcast Cable, 6.75%, due 1/30/11 | \$ | 350,000 | 376 | 371 |
| Daimler Chrysler N. Amer, 4.05%, due 6/4/08 | \$ | 400,000 | 397 | 389 |
| Daimler Chrysler N. Amer, 4.875%, due 6/15/10 | \$ | 450,000 | 449 | 439 |
| Duke Energy Field Svcs, LLC., 7.875%, due 8/16/10 | \$ | 1,000,000 | 1,166 | 1,106 |
| International Business Machine, 5.375%, due 2/1/09 | \$ | 150,000 | 150 | 153 |
| National Rural Utils., 7.25%, due 3/1/12 | \$ | 500,000 | 573 | 558 |
| News Amer Hldgs., 9.25%, due 2/1/13 | \$ | 100,000 | 128 | 121 |
| News Amer Inc., 5.3%, due 12/15/14 | \$ | 130,000 | 131 | 129 |
| Raytheon Co., 6.75%, due 8/15/07 | \$ | 58,000 | 62 | 59 |
| SBC Comm., 5.75%, due 5/2/06 | \$ | 100,000 | 108 | 100 |
| SBC Comm., 5.1%, due 9/15/14 | \$ | 450,000 | 450 | 440 |
| Time Warner, Inc., 6.87%, due 5/1/12 | \$ | 160,000 | 179 | 170 |
| Weyerhaeuser Co., 6.125%, due 3/15/07 | \$ | 34,000 | 37 | 35 |
| Total industrial corporate bonds | | | 5,896 | 5,749 |

(Continued)

| (a) | (b) Identity of Issue | (c) Principal Amount | (d) Cost | (e) Fair Value |
|---------------------------------------|--|----------------------------|-------------|----------------------|
| FIXED INCOME INVESTMENTS (Continued): | | | | |
| Oil & Coal Corporate Bonds: | | | | |
| | Exelon Corp., 7.9%, due 6/15/15 | \$ 300,000 | \$ 284 | \$ 286 |
| | Kinder Morgan Entergy Ptnrs., 5.125%, due 11/15/14 | \$ 500,000 | 491 | 489 |
| | Pemex Proj Fdg Master, 7.375%, due 12/15/14 | \$ 160,000 | 177 | 178 |
| | Phillips Pete Co., 8.75%, due 5/25/10 | \$ 400,000 | 483 | 460 |
| | Valero Entergy Corp New, 6.87%, due 4/15/12 | \$ 625,000 | 702 | 681 |
| | XTP Entergy, Inc., 4.9%, due 2/1/14 | \$ 480,000 | 466 | 469 |
| | Total oil & coal corporate bonds | | 2,603 | 2,563 |
| Telephone Corporate Bonds: | | | | |
| | AT&T Wireless Sves, Inc., 7.875%, due 3/1/11 | \$ 150,000 | 160 | 168 |
| | Bellsouth Corp., 5.0%, due 10/15/06 | \$ 100,000 | 100 | 100 |
| | Bellsouth Corp., 4.2%, due 9/15/09 | \$ 850,000 | 836 | 826 |
| | British Telecom Plc., 8.375%, due 12/15/10 | \$ 350,000 | 414 | 398 |
| | Motorola, Inc., 7.625%, due 11/15/10 | \$ 16,000 | 18 | 18 |
| | Sprint Capital Corp., 7.625%, due 1/30/11 | \$ 220,000 | 238 | 243 |
| | Sprint Capital Corp., 8.375%, due 3/15/12 | \$ 500,000 | 592 | 579 |
| | France Telecom, 8.20%, due 3/1/06 | \$ 185,000 | 193 | 186 |
| | Telecom Italia Cap., 5.25%, due 10/1/15 | \$ 300,000 | 298 | 291 |
| | Verizon Global FDG Corp., 7.25%, due 12/1/10 | \$ 430,000 | 466 | 467 |
| | Total telephone corporate bonds | | 3,315 | 3,276 |
| Transportation Corporate Bonds: | | | | |
| | CSX Corp., 6.25%, due 10/15/08 | \$ 100,000 | 100 | 103 |
| | Fedex Corp., 6.875%, due 2/15/06 | \$ 500,000 | 504 | 501 |
| | Norfolk Southern Corp., 5.257%, due 9/17/14 | \$ 650,000 | 654 | 656 |
| | Total transportation corporate bonds | | 1,258 | 1,260 |
| Utility Corporate Bonds: | | | | |
| | Ohio Power Co., 5.5%, due 2/15/13 | \$ 730,000 | 749 | 743 |
| | Pacific Gas & Elec, 4.8%, due 3/1/14 | \$ 700,000 | 679 | 682 |
| | Total utility corporate bonds | | 1,428 | 1,425 |

(Continued)

| (a) | (b) Identity of Issue | (c) Principal Amount | (d) Cost | (e) Fair Value |
|---------------------------------------|---|----------------------------|--------------|-----------------------------|
| FIXED INCOME INVESTMENTS (Continued): | | | | |
| Foreign Obligations: | | | | |
| | British Columbia Prov. Canada, 5.375%, due 10/29/08 | \$ 450,000 | \$ 448 | \$ 458 |
| | Republic of Italy, 5.625%, due 6/15/12 | \$ 200,000 | 217 | 211 |
| | South Africa Rep, 6.5%, due 6/2/14 | \$ 250,000 | 250 | 270 |
| | Telecom Italia Cap, 5.25%, due 11/15/13 | \$ 250,000 | 254 | 245 |
| | United Mexican STS M/T/N, 8.375%, due 1/14/11 | \$ 660,000 | 729 | 753 |
| | Total foreign obligations | | 1,898 | 1,937 |
| Miscellaneous: | | | | |
| | American Intl Group, PP, 5.05%, due 10/1/15 | \$ 1,000,000 | 981 | 982 |
| | Wyeth PP, 5.5%, due 2/15/16 | \$ 700,000 | 669 | 708 |
| | Total miscellaneous | | 1,650 | 1,690 |
| | Fixed Income Investments Total | | 34,602 | 34,048 |
| | TOTAL ASSETS HELD AT DECEMBER 31, 2005 | | \$ 1,499,673 | \$ 1,598,590 (Concluded) |