FORM 10-K405

MAY DEPARTMENT STORES CO - MAY

Exhibit:

Filed: April 19, 1995 (period: January 28, 1995)

Annual report. The Regulation S-K Item 405 box on the cover page is checked

PART I

Items 1 and 2. Business and Description of Property
Item 3. Legal Proceedings
Item 4. Submission of Matters to a Vote of Security Holders

PART II

Item 5. Market for Registrant's Common Equity and Related
Item 6. Selected Financial Data
Item 7. Management's Discussion and Analysis of Financial
Item 8. Financial Statements and Supplementary Data
Item 9. Changes in and Disagreements with Accountants on

PART III

Items 10, 11, 12, 13. Directors and Executive Officers of

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on
SIGNATURES
REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS
EX-3

EX-11 (Statement regarding computation of per-share earnings)

EX-12 (Statement regarding computation of ratios)

EX-13 (Annual report to security holders)

EX-27

EX-99 (Exhibits not specifically designated by another number and by investment companies)

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark one)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended January 28, 1995
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File Number 1-79

THE MAY DEPARTMENT STORES COMPANY
(Exact name of registrant as specified in its charter)

New York (State or other jurisdiction of incorporation or organization)	43-0398035 (I.R.S. Employer Identification Number)
611 Olive Street, St. Louis, Missouri (Address of principal executive offices)	63101 (Zip Code)

Registrant's telephone number, including area code: (314) 342-6300

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $.50 per share	New York Stock Exchange
Preferred stock purchase rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

$1.80 Preference Stock (assigned value $50.00 per share), without par value
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Aggregate market value of registrant's common stock held by non-affiliates as of April 1, 1995: $9,122,054,185

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 248,550,964 shares of common stock, $.50 par value, as of April 1, 1995.

Documents incorporated by reference:
1. Portions of Registrant's 1994 Annual Report to Shareowners are incorporated into Parts I and II.
2. Portions of Registrant's 1995 Proxy Statement, dated April 12, 1995, are incorporated into Part III.

PART I

Items 1 and 2. Business and Description of Property

Registrant, a corporation, was organized under the laws of the State of New York on June 4, 1910, as the successor to a business founded by David May, who opened his first store in Leadville, Colorado, in 1877. Registrant operates eight quality regional department store companies nationwide. At fiscal year-end 1994, registrant operated 314 department stores in 29 states and the District of Columbia. The department store companies and their headquarters are: Lord & Taylor, New York City; Foley's, Houston; Robinsons-May, Los Angeles; Hecht's, Washington, D.C.; Kaufmann's, Pittsburgh; Filene's, Boston; Famous-Barr, St. Louis; and Meier & Frank, Portland, Ore.

In addition, registrant operates Payless ShoeSource, headquartered in Topeka, Kan. At fiscal 1994 year-end, 4,435 stores were operated in 49 states, the District of Columbia, Puerto Rico and the Virgin Islands.

Registrant employs approximately 56,000 full-time and 63,000 part-time associates in 49 states, the District of Columbia, Puerto Rico, the Virgin Islands and eight offices overseas.

The following portions of registrant's 1994 Annual Report to Shareowners are incorporated herein by reference: Management's Discussion and Analysis (pages 12-17); Six Year Summary by Business Segment (pages 28-29).

A. Property Ownership

(i) Department Stores

The following summarizes the property ownership of department stores at January 28, 1995:

	Number of Stores	% of Gross Building Sq. Footage
Entirely or mostly owned*	180	62%
Entirely or mostly leased	74	22
Owned on leased land*	60	16
	314	100%

* Includes a total of 20 department stores subject to financing.

A. Property Ownership (continued)

(ii) Payless ShoeSource

Payless ShoeSource store locations are substantially all leased, usually on a 10- to 15-year basis with renewal options.

B. Credit Sales

Sales at registrant's department stores are made for cash or credit, including registrant's 30-day charge accounts and open-end credit plans, which include revolving charge accounts and revolving installment accounts. During the fiscal year ended January 28, 1995, 57.3% of the total sales of registrant's department stores were made through registrant's credit plans. All sales of Payless ShoeSource are made either for cash or through third-party credit cards.

In 1991, registrant formed three national banks (May National Bank of Arizona (MBA), May National Bank of Ohio (MBO) and May National Bank of Maryland (MBM)), which are indirectly wholly owned and consolidated subsidiaries of registrant. MBM completed its liquidation in 1994.

During the last fiscal year, MBA and MBO extended credit to certain customers of registrant's Robinsons-May, Kaufmann's and Meier & Frank department stores companies. Throughout 1994, MBA and MBO sold the resulting accounts receivables at face value, to the registrant. In addition, MBA and MBO process remittances for their parent, May Funding, Inc. and its other subsidiaries. MBA and MBO receive processing fee revenue for this service.

C. Competition in Retail Merchandising

Registrant's retail merchandising business is conducted under highly competitive conditions. During the past several years, the retail industry has seen major changes which have increased competition. Although registrant is one of the nation's largest department store retailers, it has thousands of competitors at the local level which compete with registrant's individual department and Payless ShoeSource stores. Competition at the local level is characterized by numerous factors including convenience of facilities, reputation, procurement of merchandise, product mix, advertising, price, quality, service and credit availability. Registrant believes that it is in a strong competitive position with regard to each of these factors. Registrant has been able to perform in a competitive environment through effective merchandising.

D. Executive Officers of Registrant

The names and ages (as of April 19, 1995) of all executive officers of registrant, and the positions and offices held with registrant by each such person are as follows:

Name	Age	Positions and Offices
David C. Farrell	61	Chairman and Chief Executive Officer
Thomas A. Hays	62	Deputy Chairman
Jerome T. Loeb	54	President and Chief Financial Officer
Richard L. Battram	60	Vice Chairman
Anthony J. Torcasio	49	President and Chief Executive Officer, May Merchandising Company
Louis J. Garr, Jr.	55	Executive Vice President and General Counsel
R. Dean Wolfe	51	Executive Vice President
William D. Edkins	42	Senior Vice President
Lonny J. Jay	53	Senior Vice President
Jan R. Kniffen	46	Senior Vice President
Richard A. Brickson	47	Secretary and Senior Counsel
Martin M. Doerr	40	Vice President
Andrew T. Hall	34	Vice President

Each of the above named executive officers shall remain in office until the annual meeting of directors following the next annual meeting of shareowners of registrant, or until their respective successors shall have been elected and shall qualify. Messrs. Farrell, Hays, Loeb and Battram also serve as directors of registrant.

Each of the executive officers has been an officer of registrant for at least the last five years, with the following exceptions: Mr. Torcasio was president of the former L.S. Ayres division and president and chief executive officer of Famous-Barr until 1993. In 1993, Mr. Torcasio became president and chief executive officer of May Merchandising Company and became an executive officer of registrant. Mr. Edkins was associated with the management consulting firm McKinsey & Company, Inc., from 1984 to 1990 and became an executive officer of registrant in 1990. Mr. Doerr was associated with the public accounting firm of Arthur Andersen LLP from 1976 to 1992 and became an executive officer of registrant in 1994. Mr. Hall was associated with the public accounting firm of Arthur Andersen LLP from 1983 to 1993 and became an executive officer of registrant in 1994.

Item 3. Legal Proceedings

The legal proceeding identified in response to Item 3 to registrant's Annual Report on Form 10-K for the fiscal year ended January 29, 1994, was settled in 1994 and is discussed in the Notes to Consolidated Financial Statements (registrant's 1994 Annual Report to Shareowners at page 27.) The settlement did not have a material adverse effect on registrant's results of operations or its financial position.

There are no material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which registrant or any of its subsidiaries is a party or of which any of their property is the subject.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the 13 weeks ended January 28, 1995.

PART II

Item 5. Market for Registrant's Common Equity and Related Shareowner Matters

Common Stock Dividends and Market Prices (page 17) of registrant's 1994 Annual Report to Shareowners are incorporated herein by reference.

Item 6. Selected Financial Data

The Eleven Year Financial Summary (pages 30 and 31) of registrant's 1994 Annual Report to Shareowners is incorporated herein by reference.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis (pages 12-17), Summary of Significant Accounting Policies (page 18) and Notes to Consolidated Financial Statements (pages 23-29) of registrant's 1994 Annual Report to Shareowners are incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data

Summary of Significant Accounting Policies (page 18), Consolidated Financial Statements (pages 19-22), Notes to Consolidated Financial Statements (pages 23-29) and Report of Independent Public Accountants (page 32) of registrant's 1994 Annual Report to Shareowners are incorporated herein by reference.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III

Items 10, 11, 12, 13. Directors and Executive Officers of Registrant, Executive Compensation, Security Ownership of Certain Beneficial Owners and Management, Certain Relationships and Related Transactions

Pursuant to paragraph G (Information to be Incorporated by Reference) of the General Instructions to Form 10-K, the information required by Items 10, 11, 12 and 13 (other than information about executive officers of registrant) is incorporated by reference from the definitive proxy statement dated April 12, 1995, and filed pursuant to Regulation 14A. Information about executive officers of registrant is set forth in Part I of this Form 10-K, under the heading "Items 1 and 2. Business and Description of Property."

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) Documents filed as part of this report:

(1) Financial Statements. Incorporated by reference to registrant's 1994 Annual Report to Shareowners (Exhibit 13):

	Location in Annual Report
Summary of Significant Accounting Policies	18
Financial Statements-	
Consolidated Statement of Earnings for the three fiscal years ended January 28, 1995	19
Consolidated Balance Sheet - January 28, 1995, and January 29, 1994	20
Consolidated Statement of Cash Flows for the three fiscal years ended January 28, 1995	21
Consolidated Statement of Shareowners' Equity for the three fiscal years ended January 28, 1995	22
Notes to Consolidated Financial Statements	23-29
Report of Independent Public Accountants	32

(2) Supplemental Financial Statement Schedule (for the three fiscal years ended January 28, 1995):

	Location in this Report
Report of Independent Public Accountants on financial statement schedules	10
II Valuation and qualifying accounts	11

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K (continued)

(3) Exhibits:

		Location
3(a)	Restated Certificate of Incorporation of Registrant, dated March 22, 1994	Incorporated by Reference to Exhibit 3(a) of Annual Report on Form 10-K, filed April 20, 1994.
3(b)	By-Laws of Registrant, as amended	Filed herewith.
11	Computation of Net Earnings Per Share	Filed herewith.
12	Computation of Ratio of Earnings to Fixed Charges	Filed herewith.
13	The May Department Stores Company 1994 Annual Report to Shareowners (only those portions specifically incorporated by reference shall be deemed filed with the Commission)	Filed herewith.
21	Subsidiaries of Registrant	Filed herewith.
23	Consent of Independent Public Accountants	Page 10 of this Report.
27	Financial Data Schedule	Filed herewith.
99	Form 11-K Annual Report of the Profit Sharing and Savings Plan of The May Department Stores Company for the fiscal year ended December 31, 1994	Filed herewith.

(4) Reports on Form 8-K

The registrant has not filed any reports on Form 8-K during the last quarter covered by this report.

All other schedules and exhibits of registrant for which provision is made in the applicable regulations of the Securities and Exchange Commission have been omitted as they are not required or are inapplicable or the information required thereby has been given otherwise.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE MAY DEPARTMENT STORES COMPANY

Date: April 19, 1995

By: /s/ Jerome T. Loeb
Jerome T. Loeb
Director, President and
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of registrant and in the capacities and on the dates indicated.

Date	Signature	Title
	Principal Executive Officer:	
April 19, 1995	/s/ David C. Farrell David C. Farrell	Director, Chairman and Chief Executive Officer
	Principal Financial and Accounting Officer:	
April 19, 1995	/s/ Jerome T. Loeb Jerome T. Loeb	Director, President and Chief Financial Officer
	Directors:	
April 19, 1995	/s/ Thomas A. Hays Thomas A. Hays	Director and Deputy Chairman
April 19, 1995	/s/ Richard L. Battram Richard L. Battram	Director and Vice Chairman

Date		Signature	Title
April 19, 1995	/s/	Helene L. Kaplan Helene L. Kaplan	Director
April 19, 1995	/s/	Edward H. Meyer Edward H. Meyer	Director
April 19, 1995	/s/	Russell E. Palmer Russell E. Palmer	Director
April 19, 1995	/s/	Andrall E. Pearson Andrall E. Pearson	Director
April 19, 1995	/s/	Michael R. Quinlan Michael R. Quinlan	Director
April 19, 1995	/s/	William P. Stiritz William P. Stiritz	Director
April 19, 1995	/s/	Robert D. Storey Robert D. Storey	Director
April 19, 1995	/s/	Murray L. Weidenbaum Murray L. Weidenbaum	Director
April 19, 1995	/s/	Edward E. Whitacre, Jr. Edward E. Whitacre, Jr.	Director

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To The May Department Stores Company:

We have audited, in accordance with generally accepted auditing standards, the consolidated financial statements included in The May Department Stores Company's Annual Report to Shareowners incorporated by reference in this Form 10-K, and have issued our report thereon dated February 20, 1995. Our audit was made for the purpose of forming an opinion on those statements taken as a whole. Schedule II included in this Form 10-K is the responsibility of the company's management and is presented for the purpose of complying with the Securities and Exchange Commission's rules and is not part of the consolidated financial statements. The schedule has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the consolidated financial statements taken as a whole.

ARTHUR ANDERSEN LLP

1010 Market Street
St. Louis, Missouri 63101-2089
February 20, 1995

Exhibit 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included or incorporated by reference in this Annual Report on Form 10-K for the year ended January 28, 1995, into the Company's previously filed Registration Statements on Form S-3 (No. 33-38585, 33-46021 and 33-55255) and Form S-8 (No. 33-26016, 33-38104 and 33-51849).

ARTHUR ANDERSEN LLP

1010 Market Street
St. Louis, Missouri 63101-2089
April 19, 1995

THE MAY DEPARTMENT STORES COMPANY AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS

FOR THE THREE FISCAL YEARS ENDED JANUARY 28, 1995

(Millions)

	Balance beginning of period	Charges to costs and expenses	Deductions (a)	Balance end of period
FISCAL YEAR ENDED JANUARY 28, 1995 Allowance for doubtful accounts	$ 76	$ 77	$ (75)	$ 78
FISCAL YEAR ENDED JANUARY 29, 1994 Allowance for doubtful accounts	$ 82	$ 70	$ (76)	$ 76
FISCAL YEAR ENDED JANUARY 30, 1993: Allowance for doubtful accounts	$ 88	$ 78	$ (84)	$ 82

(a) Write-off of accounts determined to be uncollectible, net of recoveries of $23 million in 1994, and $22 million in 1993 and 1992.

THE MAY DEPARTMENT STORES COMPANY AND SUBSIDIARIES

SUBSIDIARIES OF REGISTRANT

The corporations listed below are subsidiaries of registrant, and all are included in the consolidated financial statements of registrant as subsidiaries (unnamed subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary):

Name	Jurisdiction in which organized
May Capital, Inc.	Delaware
May Centers Associates Corporation	Missouri
May Funding, Inc.	Nevada
Payless Holdings, Inc.	Delaware
Payless ShoeSource, Inc.	Missouri

</TEXT>
</DOCUMENT>

EXHIBIT 3(B)

* *

BY-LAWS

OF

THE MAY DEPARTMENT STORES COMPANY

* *

[As in effect, March 17, 1995]

BY-LAWS

OF

THE MAY DEPARTMENT STORES COMPANY

ARTICLE I.

MEETINGS OF STOCKHOLDERS

Section 1. The annual meeting of stockholders shall be held on such date (not more than fifteen months after the most recent annual meeting) and at such place and time as may be fixed by the board and stated in the notice thereof, for the purpose of the election of directors and for the transaction of only such other business as is properly brought before the meeting in accordance with these by-laws. The annual meeting may be adjourned from day to day until its business is completed.

Section 2. Written notice of the date, time and place of each annual meeting of the stockholders shall be mailed at least ten days previous to the date of such meeting, postage prepaid, to each stockholder of record in the Company entitled to vote thereat, at such address as shall appear on the books of the Company.

Section 3. Special meetings of the stockholders may be called by resolution of the board of directors. The business transacted at any special meeting of stockholders shall be confined to the object or objects specified in the notice therefor, and matters germane thereto.

Section 4. Written notice of every special meeting of stockholders stating the date, time, place and object thereof, shall be mailed, postage prepaid, at least ten days before the date specified for such meeting to each stockholder of record in the Company entitled to vote thereat, at such address as shall appear on the books of the Company.

Section 5. Except as otherwise provided in the Certificate of Incorporation, and subject to the provisions and limitations therein contained, at all meetings of stockholders each stockholder of record shall be entitled to cast one vote for each share appearing on the stock book of the Company as standing in his name, which vote may be cast either in person or by proxy, or power of attorney, but no proxy shall be voted on after three years from its date.

Section 6. Whenever a stockholder shall vote by proxy, the authority or proxy shall be in writing, subscribed by the stockholder in whose name the said stock shall stand on the books of the Company, and shall, if requested by any stockholder, or proxy, be exhibited at the time of such meeting to the presiding officer and filed by him with the secretary of the Company.

Section 7. No stockholder who is in default in the payment of any part of his subscription for any stock of the Company or who is disqualified by law, shall be entitled to vote at any meeting of stockholders.

Section 8. Every pledgor of stock standing in his name on the books of the Company shall be deemed the owner thereof.

Section 9. Except as otherwise provided by law or in the Certificate of Incorporation, the holders of not less than a majority of the common stock issued and outstanding, entitled to vote thereat, present in person or by proxy or power of attorney, are requisite for and shall constitute a quorum at all meetings of stockholders for the transaction of business, including the election of directors. The holders of a majority of the common stock present in person or by proxy or power of attorney at any meeting, whether or not constituting a quorum, shall have power to adjourn the meeting from time to time (provided that each adjournment shall be for a period not exceeding twenty days), without notice other than announcement at the meeting, and at any adjourned meeting, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 10. The stockholders shall at each annual meeting choose two persons (who need not be stockholders and who shall not be candidates for election to the board of directors) to act as inspectors of election at all meetings of stockholders until the close of the next annual meeting. In case of a failure to elect inspectors, or if any inspector shall refuse to serve or neglect to attend any meeting, or if his office shall become vacant, the chairman of the meeting may appoint an inspector or inspectors, as the case may be, to act at such meeting.

Section 11. To be properly brought before the annual or any special stockholders' meeting, business must be either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the board, (b) otherwise properly brought before the meeting by or at the direction of the board or (c) otherwise properly brought before the meeting by a stockholder. In addition to any other applicable requirements, for business to be properly brought before the annual or any special stockholders' meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the secretary of the Company. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Company not less than 75 days nor more than 90 days prior to the meeting; provided, however, that in the event that less than 90 days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the 15th day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made, whichever first occurs. Such stockholder's notice to the secretary shall set forth as to each matter the stockholder proposes to bring before the meeting (i) a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting, (ii) the name and record address of the stockholder proposing such business, (iii) the class and number of shares of common stock of the Company which are beneficially owned by the stockholder and (iv) any material interest of the stockholder in such business.

Notwithstanding anything in the by-laws to the contrary, no business shall be conducted at the annual or any special meeting except in accordance with the procedures set forth in this Section 11, provided, however, that nothing in this Section 11 shall be deemed to preclude discussion by any stockholder of any business properly brought before the meeting.

The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section 11, and if he should so determine and declare, any such business not properly brought before the meeting shall not be transacted.

Section 12. Except as provided in Section 1 of Article II, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors. Nominations of persons for election to the board of directors of the Company at the annual meeting may be made at that meeting by or at the direction of the board of directors, by any nominating committee or person appointed by the board of directors or by any stockholder of the Company entitled to vote for the election of directors at the meeting who complies with the notice procedures set forth in this Section 12. Such nominations, other than those made by or at the direction of the board of directors, shall be made pursuant to timely notice in writing to the secretary of the Company. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Company not less than 75 days nor more than 90 days prior to the meeting; provided, however, that in the event that less than 90 days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the 15th day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made, whichever first occurs. Such stockholder's notice to the secretary shall set forth (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director, (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class and number of shares of common stock of the Company which are beneficially owned by the person, and (iv) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to Rule 14a under the Securities Exchange Act of 1934, as amended; and (b) as to the stockholder giving the notice (i) the name and record address of the stockholder and (ii) the class and number of shares of common stock of the Company which are beneficially owned by the stockholder. Such notice shall be accompanied by the executed consent of each nominee to serve as a director if so elected. The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as a director of the Company.

The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if he should so determine and declare, the defective nomination shall be disregarded.

ARTICLE II.

THE BOARD OF DIRECTORS

Section 1. The business and affairs of the Company shall be managed and conducted by a board of thirteen directors.

Newly created directorships resulting from an increase in the number of directors and vacancies occurring in the board of directors for any reason may be filled by vote of a majority of the directors then in office, although less than a quorum. A director elected to fill a newly created directorship, and a director elected to fill a vacancy, shall be elected to hold office until the next ensuing annual meeting of stockholders of the Company, or until his successor shall be chosen and qualified in his stead.

Section 2. The directors shall prescribe rules and regulations for voting at all elections and shall cause the result of each such election to be filed with the minutes of the proceedings of the board of directors, or of any committee of the board of directors appointed in accordance with Section 12 of this Article II.

Section 3. The board of directors at its first meeting after each annual meeting of stockholders, or at any subsequent meeting at which such action may be appropriate, shall elect a chairman of the executive committee, a chairman of the board, a president, a vice chairman of the board, one or more vice presidents, a secretary, a controller, and a treasurer, and such other officers as it may determine. The board of directors shall by resolution provide for the authority and duties of any and all such officers in the management of the Company to the extent not so provided in these By-laws.

The dates of the commencement and expiration of the term of office of any such officer may be fixed by the board of directors at the time of his election; but unless so fixed, such officer shall hold office from the date of his election until the first meeting of the board of directors following the next ensuing annual meeting of stockholders, or until his successor is elected.

The chairman of the executive committee, the chairman of the board, the president and the vice chairman of the board shall be members of the board of directors. No other officers need be members of the board of directors.

Any two offices, except the offices of president and secretary, may be held by the same person.

Section 4. If for any reason the election of officers shall not be held on or as of the date fixed therefor, the board of directors shall designate another day for such election.

Section 5. The board of directors may also appoint such additional officers and agents, including additional vice presidents, one or more assistant treasurers, one or more assistant secretaries and one or more assistant controllers, as it may from time to time deem advisable, and may remove any of the persons so appointed at its pleasure, and may, in its discretion, contract for a definite period of employment for any officer or agent upon such terms as it may deem advisable. The board of directors may by resolution provide for the powers and duties of any and all such additional officers and agents so appointed.

Section 6. One-third of all the directors shall be required to be present at any meeting to constitute a quorum for the transaction of business, but the director or directors present at any meeting may adjourn said meeting from time to time and from place to place until such quorum is present.

All matters coming before the board of directors shall, except as otherwise provided by law or by these By-laws, be determined by a majority vote of the members present, provided that a quorum shall be present.

Any one or more members of the board of directors or of any committee thereof may participate in any meeting of such board or of such committee thereof by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at any such meeting.

Section 7. The directors may hold their meetings and cause the books of the Company (except the Stock and Transfer Books) to be kept within or without the State of New York, at such place or places as they may from time to time determine.

Section 8. Subject to Section 15 of this Article II, there shall be an annual meeting of the board of directors on the day of the annual meeting of stockholders in each year or as soon thereafter as convenient, such annual meeting to be at such place and time (and, if applicable, on such date) as the chairman of the board shall designate by written notice to the directors, and regular meetings shall be held on such dates and at such times and places either as the directors shall by resolution provide or as the chairman of the board shall designate by written notice to the directors. Except as above provided, no notice of said annual meeting or such regular meetings of the board of directors need be given.

Section 9. Special meetings of the board of directors may be called by the chairman of the executive committee, the chairman of the board, the president, the vice chairman of the board, or the secretary or the treasurer. Notice of each special meeting shall be deposited in the mail, sent by telegram or delivered by hand to each director not later than the day preceding the date of such meeting, but need not specify the object or objects of such special meeting. Special meetings shall be called by one of the foregoing officers in like manner on the written request of five directors, specifying the object or objects of such special meeting. In the event that one of the foregoing officers shall fail to call a meeting within two days after receipt of such request, such meeting may be called in like manner by the directors making such request.

Section 10. If any vacancy shall occur in the board of directors by reason of death, removal, resignation or otherwise, such vacancy may be filled by the vote of a majority of the remaining directors.

Section 11. Any director may resign his office at any time, such resignation to be made in writing and delivered to the chairman of the executive committee, the chairman of the board, the president, the vice chairman of the board, or the secretary.

Section 12. The board of directors shall by a majority vote of its entire number appoint an executive committee, including the chairman thereof, such executive committee to consist of such chairman, who shall be a director, and such additional number of directors, not less than two, as the board of directors shall from time to time determine, and may from time to time designate the number of such executive committee that shall constitute a quorum and may provide for the holding of regular meetings thereof. In the absence of any such designation, a majority of the members of the executive committee shall constitute a quorum. To the extent permitted by law and by the Certificate of Incorporation, the executive committee shall have and may exercise all the powers vested in the board of directors during the intervals between the meetings of the board of directors. The affirmative vote of a majority of those present at a meeting of the executive committee, at which a quorum is present, shall be necessary for the adoption of any resolution. The executive committee shall, whenever called upon, report to the board of directors, and be subject to its direction, and the board of directors may remove members and appoint new members thereof to fill vacancies therein, and may increase or decrease the membership thereof. The executive committee shall designate from among its members a secretary and may designate from among its members an acting chairman to serve in the absence of the chairman of the executive committee. Meetings of the executive committee shall be called by the chairman of the executive committee or, upon the request of not less than two members, by the secretary thereof by notice deposited in the mail, sent by telegram or delivered by hand not less than two days prior to the date of such meeting. Waiver of notice by any member of the executive committee, whether before or after the meeting to which such waiver relates, shall be equivalent to notice.

The board of directors may, by a majority vote of its entire number, appoint such other committees, each consisting of three or more directors, as the board of directors may at any time and from time to time deem appropriate; subject to the limitations contained in Section 712 of the New York Business Corporation Law, the board of directors from time to time may by resolution prescribe for each such committee such duties, powers and authority as the board of directors shall deem appropriate.

Section 13. In addition to the powers by these By-laws expressly conferred upon them, the board of directors may exercise such powers and do such lawful acts and things as are not prohibited by law or required by the Certificate of Incorporation or by these By-laws to be exercised and done by the stockholders.

Section 14. Directors as such may be paid such compensation as the board of directors may from time to time determine. Nothing herein contained shall be construed to preclude any director from serving the Company in any other capacity and receiving compensation therefor.

Section 15. Anything in this Article II to the contrary notwithstanding, any action required or permitted to be taken by the board of directors at any regular, annual or special meeting thereof, or by any committee thereof, may be taken without a meeting if all members of the board of directors or such committee consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the members of the board of directors or such committee shall be filed with the minutes of the proceedings of the board of directors or such committee.

ARTICLE III.

ELECTED OFFICERS

The elected officers of the Company shall be the chairman of the executive committee, the chairman of the board, the president, the vice chairman of the board, the secretary, the treasurer, the controller, and such other officers of the Company as shall be elected by the board of directors.

ARTICLE IV.

AUTHORITY AND DUTIES OF OFFICERS

Each officer of the Company shall be subject to the control of the board of directors and shall have such duties in the management of the Company as may be provided by appropriate resolution of the board of directors and/or provided in these By-laws.

ARTICLE V.

DUTIES OF OFFICERS MAY BE DELEGATED

In the case of the absence of any officer of the Company, or for any other reason that the board of directors may deem sufficient, the board of directors may delegate the powers or duties of such officer to any other officer or to any other director, or to any other person for the time being.

ARTICLE VI.

INDEMNIFICATION

Section 1. The Company shall, to the fullest extent now or hereafter authorized or permitted by applicable law, indemnify any person who is or was made, or threatened to be made, a party to, or is involved in, any threatened, pending or completed action, suit or proceeding, including, without limitation, those which are civil, criminal, administrative or investigative, those involving any actual or alleged breach of duty, neglect or error, any accountability, or any actual or alleged misstatement, misleading statement or other act or omission and those brought or threatened in any court or administrative or legislative body or agency, including an action by or in the right of the Company to procure a judgment in its favor and an action by or in the right of any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, which any director or officer of the Company is serving, has served or has agreed to serve in any capacity at the request of the Company, by reason of the fact that such person, or his or her testator or intestate, is or was or has agreed to become a director or officer of the Company, or is serving or has agreed to serve such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise in any capacity, against judgments, fines, amounts paid or to be paid in settlement, and expenses (including attorneys' fees, costs and charges) incurred as a result of such action, suit or proceeding, or appeal therein; provided, however, that, except for proceedings to enforce rights to indemnification, the Company shall not be obligated to indemnify any director or officer (or his or her heirs, executors or personal or legal representatives) in connection with an action, suit or proceeding (or part thereof) initiated by such person unless such action, suit or proceeding (or part thereof) was authorized or consented to by the board of directors of the Company.

Section 2. The Company may indemnify any person (including a person entitled to indemnification pursuant to Section 1) to whom the Company is permitted to provide indemnification or the advancement of expenses to the fullest extent now or hereafter authorized or permitted by applicable law, whether pursuant to rights granted pursuant to, or provided by, the New York Business Corporation Law, or any other law, or other rights created by (a) a resolution of shareholders, (b) a resolution of directors, or (c) an agreement providing for such indemnification, it being expressly intended that this Article VI authorizes the creation of other rights in any such manner.

Section 3. The Company shall, from time to time, reimburse or advance to any person referred to in Section 1 the funds necessary for payment of expenses incurred in connection with any action, suit or proceeding referred to in Section 1, upon receipt of a written undertaking by or on behalf of such person to repay such amount(s) if a judgment or other final adjudication adverse to the director or officer establishes that (a) his or her acts were committed in bad faith or were the result of active and deliberate dishonesty and, in either case, were material to the cause of action so adjudicated, or (b) he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled.

Section 4. The right to be indemnified or to the reimbursement or advancement of expenses pursuant to Section 1 or 3 of this Article VI or a resolution authorized pursuant to Section 2 of this Article VI (a) is a contract right pursuant to which the person entitled thereto may bring suit as if the provisions hereof (or of any such resolution) were set forth in a separate written contract between the Company and such person, (b) is intended to be retroactive and shall, to the extent now or hereafter authorized or permitted by law, be available with respect to events occurring prior to the adoption hereof, and (c) shall continue to exist after the rescission or restrictive modification hereof with respect to events occurring prior thereto.

ARTICLE VII.

POWER OF OFFICERS TO CONTRACT, ETC.

Section 1. All contracts and agreements, purporting to be the act of this Company shall be signed by such officer(s) of the Company or other person(s) as may be designated by resolution of the board of directors, in order that the same shall be binding upon the Company.

Section 2. The board of directors may, from time to time, authorize any officer or officers of the Company, or any other person or persons, to sign, countersign and endorse bills of exchange, checks, notes, leases, deeds and other instruments, agreements and documents in behalf of the Company.

ARTICLE VIII.

ORDER OF BUSINESS

Section 1. The order of business at all meetings of the stockholders shall be as follows:

1. The election of directors.

2. Other matters to be acted upon.

3. The reports of officers.

4. Election of inspectors of election.

The order of business at any meeting may be changed by a vote of the holders of a majority of the shares represented at such meeting.

Section 2. The order of business at meetings of the board of directors shall be as the directors may determine.

ARTICLE IX.

SHARES OF STOCK

Section 1. The interest of each stockholder shall be evidenced by a certificate or certificates for shares of stock of the Company in such form as the board of directors may from time to time prescribe. The certificates of stock shall be signed by the chairman of the executive committee, the chairman of the board, the president, the vice chairman of the board, or a vice president and the treasurer or an assistant treasurer or the secretary or an assistant secretary and sealed with the seal of the Company, and shall be countersigned and registered in such manner, if any, as the board of directors may by resolution prescribe; provided that, in case such certificates are required by such resolution to be signed by a transfer agent or transfer clerk and by a registrar, the signatures of the above designated officers and the seal of the Company upon such certificates may be facsimiles, engraved or printed. In case any such officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such before such certificate is issued, it may be issued with the same effect as if such officer had not ceased to be such at the date of its issue.

Section 2. Shares of stock of the Company shall be transferred only on the books of the Company, by the holder thereof in person or by his attorney, upon surrender for cancellation of certificates for the same number of shares, with an assignment and power of transfer endorsed thereon or attached thereto, duly executed, with such proof of the authenticity of the signature as the Company or its agents may reasonably require.

Section 3. The board of directors may direct a new certificate or certificates of stock to be issued in the place of any certificate or certificates theretofore issued and alleged to have been lost, stolen or destroyed; but the board of directors, when authorizing the issue of such new certificate or certificates, may in its discretion require the owner of the stock represented by the certificate so lost, stolen or destroyed, or his legal representatives, to execute and deliver to the Company a bond with one or more sureties, in such sum as it may direct, indemnifying the Company and its agents against any claim that may be made against it by reason of the issue of such new certificate. The board of directors, however, may refuse to authorize any such new certificate except upon the order of a court having jurisdiction in such matter.

Section 4. The board of directors may from time to time appoint such transfer agents and registrars of shares as it may deem advisable and may define their powers and duties.

ARTICLE X.

DIVIDENDS

Subject to the limitations and provisions set forth in the Certificate of Incorporation of the Company, dividends on the stock of the Company shall be paid at such times and in such amounts as the board of directors shall, from time to time, determine.

ARTICLE XI.

CORPORATE SEAL

The corporate seal shall consist of the words "THE MAY DEPARTMENT STORES COMPANY" arranged in a circular form around the words and figures "Corporate Seal -- 1910 -- New York" and shall be kept by the secretary in the office of the Company. The impression of the seal may be made and attested upon contracts, certificates of stock and other papers requiring the seal of the Company, when authorized by resolution of the board of directors, by the secretary, or by an assistant secretary or by any other officer of the Company, and the board of directors may authorize the use of a duplicate corporate seal by any assistant secretary or other officer of the Company.

ARTICLE XII.

FISCAL YEAR

The fiscal year of the Company shall end on the Saturday closest to the 31st day of January in each year.

ARTICLE XIII.

AMENDMENTS

The foregoing By-laws may be amended or added to, by vote of two-thirds of all the directors of the Company, at any meeting of the board of directors, provided that the substance of the proposed amendment or addition or the subject matter thereof shall have been submitted in writing at a preceding meeting of the board of directors or notice thereof shall have been given to the directors by mail at least ten days before; waiver of notice by any director being deemed equivalent to such notice to him.

The foregoing By-laws may also be amended at any general or special meeting of stockholders, provided notice of the proposed amendment shall have been given in the call for such meeting.

ARTICLE XIV.

WAIVER OF NOTICE

Any notice required to be given by law or by the Certificate of Incorporation or by these By-laws may be waived in writing, and such waiver may be made either before or after the act or event to which the same relates.

</TEXT>
</DOCUMENT>

EXHIBIT 11

THE MAY DEPARTMENT STORES COMPANY
COMPUTATION OF NET EARNINGS PER SHARE
FOR THE THREE FISCAL YEARS ENDED JANUARY 28, 1995

(millions, except per share)	1994	1993	1992
Net earnings	$ 782	$ 711	$ 603
ESOP Preferred Dividends, net of tax benefit on unallocated shares	(19)	(19)	(18)
Dividend requirements on redeemable preferred stock	-	-	-
Net earnings available for common shareowners	$ 763	$ 692	$ 585
Average common shares outstanding	248.4	248.4	247.5
Net earnings per share	$ 3.07	$ 2.79	$ 2.36
Primary Computation			
Net earnings available for common shareowners	$ 763	$ 692	$ 585
Net earnings adjustment for dividend equivalents	1	1	1
Adjusted net earnings	$ 764	$ 693	$ 586
Average common shares outstanding	248.4	248.4	247.5
Common share equivalents under stock option and deferred compensation plans, based upon the treasury stock method	1.2	1.5	1.3
Average common and common equivalent shares	249.6	249.9	248.8
Primary earnings per share	$ 3.06	$ 2.77	$ 2.35
Fully Diluted Computation			
Adjusted net earnings	$ 764	$ 693	$ 586
Impact of assumed conversion of ESOP Preference Shares	10	9	13
Adjusted net earnings	$ 774	$ 702	$ 599
Average common and common equivalent shares	249.6	249.9	248.8
Additional common stock equivalents attributable to application of the treasury stock method	-	0.1	0.7
Assumed conversion of ESOP Preference Shares	15.3	15.5	15.8
Average common and common equivalent shares, assuming full dilution	264.9	265.5	265.3
Fully diluted earnings per share	$ 2.92	$ 2.65	$ 2.26

</TEXT>
</DOCUMENT>

EXHIBIT 12

THE MAY DEPARTMENT STORES COMPANY AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
FOR THE FIVE FISCAL YEARS ENDED JANUARY 28, 1995

	Fiscal Year Ended Jan. 28, 1995	Jan. 29, 1994	Jan. 30, 1993	Feb. 1, 1992	Feb. 2, 1991
Earnings Available for Fixed Charges:					
Pretax earnings from continuing operations	$ 1,296	$ 1,178	$ 791	$ 796	$ 762
Fixed charges (excluding interest capitalized and pretax preferred stock dividend requirements)	377	381	432	474	421
Dividends on ESOP Preference Shares	(28)	(29))	(29)	(30)	(30)
Capitalized interest amortization	4	4	3	3	3
	1,649	1,534	1,197	1,243	1,156
Fixed Charges:					
Gross interest expense (a)	$ 290	$ 297	$ 341	$ 388	$ 347
Interest factor attributable to rent expense	102	94	94	92	83
Other (b)	-	-	4	8	5
	392	391	439	488	435
Ratio of Earnings to Fixed Charges	4.2	3.9	2.7	2.6	2.7

(a) Represents interest expense on long-term and short-term debt, ESOP debt and amortization of debt discount and debt issue expense.

(b) Represents the company's proportionate share of interest of unconsolidated 50% owned persons and pretax preferred stock dividend requirements.

</TEXT>
</DOCUMENT>

[The following "Management's Discussion and Analysis" section is a reproduction of the same named section included in the paper format Annual Report on pages 12-17.]

MANAGEMENT'S DISCUSSION AND ANALYSIS

May reached a significant milestone in achieving its 20th consecutive year of record sales and earnings per share from continuing operations. The continuing execution of our power center merchandising and customer service strategies were key factors in our strong financial performance. Our five-year compound growth rate for earnings per share from continuing operations was 10% -- among the best in the retail industry.

Sales in 1994 were $11.9 billion, an increase of 8.1% over 1993 sales of $11.0 billion. The sales increase over last year was achieved during a period of deflation for department store and shoe prices and reflects the benefit of new store openings and an increase in store-for-store sales of 5.4% for department stores and 4.4% overall. Store-for-store sales increases for the first through fourth quarters in 1994 were 7.8%, 3.1%, 3.1% and 4.2%, respectively.

We achieved $2.92 in earnings per share in 1994, a 10.2% increase over last year's $2.65. Net earnings totaled $782 million compared with $711 million last year. Return on revenues increased to 6.4% in 1994 from 6.2% in 1993. Return on equity was 21.3% in 1994 compared with 22.1% in 1993, and return on net assets was 20.1% in 1994 compared with 19.6% in 1993.

The company values its department store inventory using the LIFO method. Usually, this decreases earnings to partially remove the effect of inflation. This year, May experienced deflation as measured by the Bureau of Labor Statistics. LIFO was a pretax credit of $46 million compared with a charge last year of $7 million.

We opened 19 department stores during 1994, adding 3.0 million square feet of retail space. Five of these openings were Lord & Taylor in Natick and Holyoke, Mass., Albany and Syracuse, N.Y., and Manchester, Conn.; and two were Foley's locations in Houston. Robinsons-May opened one location in East Mesa, Ariz., and four locations in Los Angeles that had been damaged by the January 1994 earthquake. Hecht's opened in Durham, N.C.; Filene's opened four stores in Saugus, Pittsfield and Springfield, Mass., and Albany, N.Y; and Famous-Barr opened two stores in Lafayette, Ind., and St. Louis. One Robinsons-May location damaged by the January 1994 earthquake remains temporarily closed and will reopen in 1995. In addition, we remodeled 35 department stores in 1994, totaling 3.5 million retail square feet, and expanded 15 of these stores by 500,000 square feet. At fiscal year-end, May operated 314 department stores in 29 states and the District of Columbia.

Six department stores were closed during the year, resulting in a net increase of 13 department stores and 2.6 million square feet of retail space. This net increase follows several years in which the department store count decreased as new department store openings were more than offset by the closings of low-productivity stores.

In 1994, Payless ShoeSource opened 656 net new stores, adding 2.6 million square feet of retail space. During the year, Payless ShoeSource purchased 550 Kobacker Company and The Shoe Works stores, located in 29 states and the District of Columbia. Payless ShoeSource remodeled and reopened 416 of these stores during 1994, and plans to reopen 134 stores in 1995, all under the Payless ShoeSource name. In addition, the Payless Kids expansion program continued by adding 354 stores adjacent to existing Payless ShoeSource stores, expanding those locations by a total of 357,000 square feet. At year-end, Payless ShoeSource operated 4,435 stores in 49 states, the District of Columbia, Puerto Rico and the Virgin Islands.

Our expansion program for 1995 includes 23 new department stores, adding 3.3 million square feet of retail space. The company plans to remodel 17 department stores in 1995, totaling 1.0 million square feet of retail space, and to expand eight of these stores by a total of 300,000 square feet. The 1995-1999 expansion plan will add 125 new department stores, totaling 20.3 million retail square feet. After a seven year period in which the company closed 99 low-productivity department stores, we expect to close very few stores during the 1995-1999 period. The expansion plan will result in a 6% net annualized increase in department store square footage. During this five-year period, May will invest $2.1 billion for new stores and will spend an additional $480 million to remodel existing stores.

Payless ShoeSource will add 268 net new stores in 1995 with more than 950,000 square feet of retail space. In addition, Payless ShoeSource will add 105 Payless Kids expansion stores adjacent to existing stores, bringing the total Payless Kids expansion stores to 740. The expansion plan for Payless ShoeSource during the 1995-1999 period involves a capital investment, including the present value of operating leases, of $1.1 billion to add approximately 1,200 net new family shoe stores with 4.1 million square feet of retail space and 900 adjacent Payless Kids expansion stores, adding 700,000 square feet to existing stores. An additional $125 million will be invested to remodel existing stores.

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Net retail sales from continuing operations (in billions)	$4.2	$4.7	$5.3	$5.8	$7.3	$8.3	$8.9	$9.4	$10.2	$11.0	$11.9

REVIEW OF OPERATIONS

Net earnings totaled $782 million in 1994 compared with $711 million in 1993 and $603 million in 1992. Total company return on revenues was 6.4% in 1994 compared with 6.2% in 1993 and 5.4% in 1992. Fully diluted earnings per share reached $2.92 in 1994 compared with $2.65 in 1993 and $2.26 in 1992.

Results for the past three years were as follows:

(dollars in millions, except per share)	1994 $	1994 % of Revenues	1993 $	1993 % of Revenues	1992 $	1992 % of Revenues
Net Retail Sales	$11,877		$10,989		$10,204	
Revenues	$12,223	100.0%	$11,529	100.0%	$11,150	100.0%
Cost of sales	8,374	68.5	7,910	68.6	7,691	69.0
Selling, general and administrative expenses	2,319	19.0	2,196	19.1	2,202	19.7
Interest expense, net	234	1.9	245	2.1	279	2.5
Special and non-recurring items*	-	-	-	-	187	n/a
Earnings before income taxes	1,296	10.6	1,178	10.2	791	8.8**
Provision for income taxes ***	514	39.7	467	39.6	188	38.3**
Net Earnings	$ 782	6.4%	$ 711	6.2%	$ 603	5.4%
Fully Diluted Earnings Per Share	$ 2.92		$ 2.65		$ 2.26	

*   See Special and Nonrecurring Items on page 6.
**   For comparability, shown before special and nonrecurring items.
*** Percent of revenues column represents effective income tax rate.

Net Retail Sales. Net retail sales (see page 13 for definition) increases (decreases) by business segment for 1994 and 1993 were as follows:

	1994 vs. 1993		1993 vs. 1992		
	Total	Store-for-Store	Total	Store-for-Store	Five-Year Compound Growth Rate
Department stores	8.2%	5.4%	7.2%	5.4%	6.8%
Payless ShoeSource	7.6	(0.2)	10.0	1.7	11.5
Total	8.1%	4.4%	7.7%	4.7%	7.5%

Total sales increases for 1994 reflect the opening of 19 new department stores and 656 net new Payless ShoeSource stores and a 4.4% store-for-store increase. Total sales increases for 1993 include the results of 13 new department stores and 216 net new Payless ShoeSource stores and a 4.7% store-for-store increase.

Sales per square foot by segment were as follows:

	1994	1993	1992	1989	1994 vs. 1993 Increase (Decrease)	Five-Year Compound Growth Rate
Department stores	$200	$191	$179	$168	4.5%	3.5%
Payless ShoeSource	161	165	161	141	(2.5)	2.6
Total	$191	$186	$176	$164	3.0%	3.2%

While both store-for-store sales and sales per square foot were below expectations at Payless ShoeSource, square footage increased 21% as the new store and Payless Kids expansions were greater than usual due to the Kobacker/Shoe Works acquisition.

Sales include leased and licensed department sales of $290, $313 and $349 million in 1994, 1993 and 1992, respectively. Revenues include finance charge revenues of $334, $330 and $329 million in 1994, 1993 and 1992, respectively. Finance charge revenues in 1994 were similar to 1993 and 1992, as credit sales on the company's credit cards did not increase proportionally with sales due to a higher use of third party credit cards.

Cost of Sales. Cost of sales includes cost of merchandise sold and buying and occupancy costs. Cost of sales was $8.37 billion in 1994 compared with $7.91 billion in 1993, a 5.9% increase. The overall increase of 5.9% was due to a 6.0% increase in revenues. As a percent of revenues, cost of sales was 68.5% in 1994 compared with 68.6% in 1993. The 1994 percent decrease was due to a LIFO credit of $46 million in 1994 compared with a charge of $7 million in 1993, partially offset by a small decline in merchandise gross margin and an increase in rent and depreciation expense rates.

Cost of sales was $7.91 billion in 1993 compared with $7.69 billion in 1992, a 2.8% increase. The overall increase of 2.8% resulted from a 3.4% increase in revenues, offset by a lower cost of sales rate. As a percent of revenues, cost of sales was 68.6% in 1993 compared with 69.0% in 1992. The lower 1993 percent compared with 1992 was due to lower buying and occupancy expenses resulting from store company consolidations, partially offset by a small decline in merchandise gross margin. LIFO was a charge of $7 million in 1993 compared with $10 million in 1992.

The impact of LIFO on cost of sales, as a percent of revenues, is shown below:

	1994	1993	1992
Cost of sales	68.5%	68.6%	69.0%
LIFO charge (credit)	(0.4)	0.1	0.1
Cost of sales before LIFO	68.9%	68.5%	68.9%

Selling, General and Administrative Expenses. Selling, general and administrative expenses were $2.32 billion in 1994 compared with $2.20 billion in 1993, a 5.6% increase. The overall increase was due to a 6.0% increase in revenues. As a percent of revenues, selling, general and administrative expenses decreased 0.1% to 19.0% in 1994 compared with 19.1% in 1993 as payroll costs increased at a lesser rate than revenues.

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Earnings per share from continuing operations	$.90	$.91	$1.05	$1.28	$1.52	$1.82	$1.87	$1.93	$2.26	$2.65	$2.92

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Net earnings from continuing operations (in millions)	$277	$286	$333	$393	$448	$515	$500	$515	$603	$711	$782

Selling, general and administrative expenses were $2.20 billion in 1993 compared with $2.20 billion in 1992, a 0.3% decrease. Selling, general and administrative expense increases resulting from increased revenues of 3.4% were more than offset by expense savings achieved through store company consolidations and continued focus on expense control. As a percent of revenues, selling, general and administrative expenses were 19.1% in 1993 compared with 19.7% in 1992. The California earthquake did not have an impact on 1993 earnings as the losses were covered by insurance.

Selling, general and administrative expenses include advertising and sales promotion costs of $424, $404 and $400 million in 1994, 1993 and 1992, respectively.

Interest Expense. Interest expense components were:

(dollars in millions)	1994	1993	1992
Interest expense	$257	$263	$306
Interest income	(8)	(8)	(20)
Capitalized interest	(15)	(10)	(7)
Interest expense, net	$234	$245	$279
Percent of revenues	1.9%	2.1%	2.5%

The decrease in 1994 net interest expense from 1993 was due to reduced average borrowings.

The decrease in 1993 net interest expense compared with 1992 was the result of the elimination of the May Centers Associates Corporation (MCAC) sale/leaseback debt upon dissolution of the MCA partnership on May 18, 1992, and other net reductions of debt resulting primarily from current year cash flows. See May Centers Associates on page 31.

Income Taxes. The effective income tax rates were:

	1994	1993	1992
As reported	39.7%	39.6%	23.7%
Excluding impact of special and nonrecurring items and MCA	39.7%	39.6%	38.5%

The 1994 effective income tax rate of 39.7% increased compared with 1993 due to slightly higher state income tax rates. The increase in the 1993 effective rate of 39.6% compared with 38.5% in 1992 was due to the 1% increase in the federal tax rate resulting from the 1993 tax law change and slightly higher state income tax rates. See Taxes on page 24. Also see Summary of Significant Accounting Policies on page 13 for a discussion of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes."

Impact of Inflation. The department store inflation (deflation) rate, as measured by the government's Department Store Inventory Price Index, was (0.5)% in 1994 compared with 1.3% in 1993. The company values its department store inventory on a LIFO basis. Typically, the LIFO method removes the current year earnings benefit of inflation by valuing inventory at its current replacement cost. In 1994, because prices deflated, the company recorded a $46 million LIFO credit compared with a $7 million charge in 1993.

The shoe industry also experienced deflation in 1994. Over the last three years, the inflation rate has averaged less than half of 1%.

Special and Nonrecurring Items. During the 1992 third quarter, the company recorded pretax charges of $485 million, $298 million after tax, for special and nonrecurring items. The pretax charges consisted of $240 million for four department store company consolidations (primarily costs for severance, associate relocations, inventory liquidations and adjustments, and one-time transition expenses); $125 million for planned closings of low-productivity stores and other real estate-related charges including adjustments to reflect expected values of a number of properties planned for disposition; $60 million for the costs associated with achieving various operating efficiencies, including the May Merchandising Company headquarters relocation to St. Louis and the data center combinations (primarily costs for associate relocations and excess space carrying costs); $40 million for the cost associated with retiring high interest rate debt; and $20 million for a special contribution to The May Department Stores Company Foundation. The cost to retire the debt was not reflected as an extraordinary item as it was not material to total company earnings or the earnings trend of the company.

The reserve balance for the $485 million special and nonrecurring charges was $35 million at January 28, 1995, $100 million at January 29, 1994, and $330 million at January 30, 1993. In 1994 and 1993, there were no additional provisions for the special and nonrecurring charges and there were no material adjustments to the individual components. The cash component of the $485 million special and nonrecurring charges is estimated to be $325 million.

During the 1992 second quarter, the company recorded a $298 million pretax and after tax nonrecurring gain from the distribution of the MCA partnership assets on May 18, 1992. See May Centers Associates on page 31.

The 1992 special and nonrecurring charges and nonrecurring gain are reflected as special and nonrecurring items on a separate line in the consolidated statement of earnings. The 1992 special and nonrecurring items had no impact on full-year net earnings or earnings per share.

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Common stock price range											
Low price	$ 7.52	$10.50	$15.94	$11.13	$14.38	$17.31	$18.69	$22.63	$26.00	$33.44	$32.25
High price	$12.09	$16.25	$22.06	$25.44	$20.00	$26.31	$29.56	$30.19	$37.25	$46.50	$45.13

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Book value per common share	$7.25	$7.86	$8.50	$9.13	$10.75	$9.32	$10.04	$11.26	$12.82	$14.65	$16.65

Summary Segment Information. May operates in two retail business segments -- department stores and self-service family shoe stores operated by Payless ShoeSource. The following summarizes the results of these segments for the past three years. Additional information by business segment is presented in the Six Year Summary by Business Segment on pages 33 and 34.

May's 314 quality department stores are operated by eight department store companies across the United States, each operating under long-standing and widely recognized names. Each store company holds a leading market position in its region. Results for the department store segment were:

				Increase	
(dollars in millions)	1994	1993	1992	1994	1993
Net retail sales	$9,761	$9,023	$8,416	8.2%	7.2%
Operating earnings	1,400	1,276	1,109	9.7	15.1
Return on revenues	13.8%	13.3%	11.8%		
Return on net assets	24.7	23.9	20.5		

Department store operating earnings represent LIFO earnings before income taxes, net interest expense and corporate expense, and exclude goodwill amortization and special and nonrecurring items. Department store operating earnings presented above include a LIFO credit of $46 million in 1994, and charges of $7 and $10 million in 1993 and 1992, respectively. Department store operating earnings, excluding LIFO, are presented below on a supplementary basis for comparative purposes:

				Increase	
(dollars in millions)	1994	1993	1992	1994	1993
Operating earnings	$1,354	$1,283	$1,119	5.5%	14.6%
Return on revenues	13.4%	13.4%	11.9%		

Payless ShoeSource is the nation's largest chain of self-service family shoe stores. At year-end, Payless ShoeSource operated 4,435 stores and 635 Payless Kids expansion stores in 49 states, the District of Columbia, Puerto Rico and the Virgin Islands. Results for Payless ShoeSource were:

				Increase (Decrease)	
(dollars in millions)	1994	1993	1992	1994	1993
Net retail sales	$2,116	$1,966	$1,788	7.6%	10.0%

Operating earnings	219	225	214	(2.3)	5.0
Return on revenues	10.4%	11.4%	12.0%		
Return on net assets	21.3	23.9	26.5		

The 1994 decrease in operating earnings as compared with 1993 primarily resulted from an increase in expense rate due to the decrease in store-for-store sales performance.

Provided below is a summary of net retail sales, sales per square foot, building area square footage and number of stores for our eight department store operating companies and Payless ShoeSource:

	Net Retail Sales in Millions of Dollars		Sales Per Square Foot		Building Area Square Footage in Thousands		Number of Stores			
	1994	1993	1994	1993	1994	1993	1994	New	Closed	1993
Lord & Taylor, New York City	$ 1,452	$ 1,302	$226	$219	6,811	6,286	54	5	-	49
Foley's, Houston	1,633	1,577	181	175	9,583	9,196	49	2	1	48
Robinsons-May, Los Angeles	1,494	1,302	171	160	9,527	8,626	52	5	1	48
Hecht's, Washington, D.C.	1,423	1,326	212	207	6,959	6,912	45	1	1	45
Kaufmann's, Pittsburgh	1,303	1,240	198	192	6,908	6,774	40	-	-	40
Filene's, Boston	1,162	1,068	239	238	5,320	4,704	36	4	1	33
Famous-Barr, St. Louis	947	884	193	179	5,099	5,145	30	2	2	30
Meier & Frank, Portland, Ore.	347	324	204	193	1,770	1,737	8	-	-	8
Total department stores	9,761	9,023	200	191	51,977	49,380	314	19	6	301
Payless ShoeSource	2,116	1,966	161	165	14,905	12,345	4,435	656(net)	-	3,779
Total	$11,877	$10,989	$191	$186	66,882	61,725	4,749	675	6	4,080

Net retail sales represent sales of stores open at the end of 1994.
Sales per square foot is calculated on total revenues and average gross retail square footage.
Building area represents gross retail square footage of stores open at the end of the period presented.

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Department stores sales per square foot	$113	$123	$138	$143	$158	$168	$172	$171	$179	$191	$200

REVIEW OF FINANCIAL CONDITION

Our 1994 financial performance further strengthened our balance sheet and financial condition. We continue to meet our objective of generating superior shareowner returns, while maintaining access to capital at all times at reasonable costs.

Return on Equity. Return on equity is our principal measure in evaluating our performance for shareowners and our ability to profitably invest shareowners' funds. Our objective is to sustain performance that places our return on equity in the top quartile of the retail industry. Our return on beginning equity in 1994 was 21.3% compared with 22.1% in 1993 and 21.5% in 1992. During this period, our financial strength has improved with a 1994 debt-to-capitalization ratio of 44% compared with 54% in 1991.

Return on Net Assets. Return on net assets measures performance independent of capital structure. Return on net assets represents pretax earnings before special and nonrecurring items, net interest expense and the interest component of operating leases, divided by beginning of year net assets (including present value of operating leases). Return on net assets was 20.1% in 1994 compared with 19.6% in 1993 and 16.7% in 1992. The improvement in the 1994 return on net assets compared with 1993 was due to the growth in earnings exceeding the 4.8% growth in beginning of year net assets. The improvement in the 1993 return on net assets compared with 1992 was due to the growth in earnings and a decrease in beginning of year net assets.

Cash Flow. Cash flow from operations (earnings plus depreciation/amortization) was $1.2 billion. This was 9.5% of revenues in 1994 compared with 9.2% in 1993 and 8.5% in 1992. The company's cash flow as a percent of revenues continues to be one of the highest in the retail industry, and provides the company ample resources to invest in its business.

Sources and (uses) of cash flows are summarized below:

(millions)	1994	1993	1992
Earnings and depreciation/amortization	$1,156	$1,059	$ 944
Working capital increases	(154)	(216)	(142)
Other operating activities	(3)	73	13
Investing activities	(815)	(588)	(394)
Net long-term debt issuances (repayments)	117	(192)	(248)
Other financing activities	(292)	(262)	(208)
Increase (decrease) in cash and cash equivalents	$ 9	$ (126)	$ (35)

Financing Activities. During 1994, the company issued $200 million of 8-3/8% debentures due in 2024. The proceeds from the issuance were added to the company's general funds and were available for the purchase of certain of the company's other indebtedness, capital expenditures, working capital needs and other general corporate purposes, including investments and acquisitions.

During 1994 and 1993, the company retired $35 and $100 million, respectively, of high interest rate debt. The cost associated with retiring the debt was recorded in 1992. See Special and Nonrecurring Items on page 32.

During 1992, the company issued $200 million of 8-3/8% debentures due in 2022. The proceeds from the issuance were added to the company's general funds and were available for the purchase of certain of the company's other indebtedness, capital expenditures, working capital needs and other general corporate purposes, including investments and acquisitions. During 1992, the company retired $360 million of high interest rate debt. Also, upon dissolution of the MCA partnership on May 18, 1992, the company received a majority ownership interest in MCAC and, therefore, $618 million of MCAC sale/leaseback debt was eliminated on a consolidated basis. See May Centers Associates and Special and Nonrecurring Items on pages 31 and 32.

Financial Condition Ratios. Our strong debt-to-capitalization and fixed charge coverage ratios are consistent with our capital structure objectives and provide us with substantial financial flexibility.

The debt-to-capitalization ratio was 44%, 45% and 49% at the end of 1994, 1993 and 1992, respectively. For purposes of the debt-to-capitalization ratio, total debt is defined as short-term and long-term debt (including the ESOP debt reduced by unearned compensation), redeemable preferred stock and the capitalized value of all leases, including operating leases. Capitalization is defined as total debt, noncurrent deferred taxes, ESOP Preference Shares and shareowners' equity. See Profit Sharing on page 21 for discussion of the ESOP. The decrease in the debt-to-capitalization ratio to 44% in 1994 from 45% in 1993 was primarily due to the growth in retained earnings. The decrease in the debt-to-capitalization ratio in 1993 compared with 1992 was primarily due to the elimination of the MCAC loans and other net reductions in debt, along with the continued growth in retained earnings.

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Return on equity	16.1%	15.5%	15.7%	17.0%	18.6%	18.0%	21.8%	20.7%	21.5%	22.1%	21.3%

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Return on net assets	18.9%	18.8%	17.7%	17.4%	17.5%	18.0%	17.2%	16.0%	16.7%	19.6%	20.1%

Fixed charge coverage was 3.4x, 3.2x and 2.4x in 1994, 1993 and 1992, respectively. Fixed charge coverage, excluding the impact of the special and nonrecurring items, was 2.8x in 1992. Fixed charges are defined as gross interest expense (excluding one-half of the interest expense related to the MCAC loans prior to the MCA partnership dissolution), interest expense on the ESOP debt, total rent expense and the pretax equivalent of dividends on redeemable preferred stock. In 1994, the improvement in coverage resulted from the increased level of earnings, partially offset by an increase in fixed charges, primarily rent expense. In 1993, the improvement in coverage resulted from the increased level of earnings and a decrease in fixed charges. Fixed charges in 1993 were lower compared with 1992 due to lower interest expense resulting from reductions in debt and lower average interest rates, partially offset by an increase in rent expense.

Our bonds are rated A2 by Moody's Investors Service, Inc. and A by Standard & Poor's Corporation. Our commercial paper is rated P1 and A1 by Moody's and Standard & Poor's, respectively.

Capital Expenditures. Our strong financial condition enables us to make capital expenditures to enhance shareowners' returns. Return on net assets, internal rate of return and sales per square foot are emphasized as the principal operating measures as we invest in new stores and remodels and eliminate unproductive space.

Capital expenditures in 1995 will approximate $930 million (including $110 million representing the capital value of new operating leases). Capital expenditures for the 1995-1999 period are planned at $5.0 billion (including $660 million representing the capital value of new operating leases). We intend to use internal cash flow to finance substantially all of these expenditures.

Available Credit. The company has $750 million of available borrowing under its multi-year credit agreement. During 1994, the company increased the dollar amount of the shelf registration statement filed with the Securities and Exchange Commission to $800 million. As of January 28, 1995, the shelf registration statement would enable the company to issue up to $800 million of additional debt securities.

[The following "Common Stock Dividends and Market Prices" section is a reproduction of the same named section included in the paper format Annual Report on page 17.]

Common Stock Dividends and Market Prices. Our policy is to increase dividends on common stock consistent with our earnings growth over time. The 1995 annual dividend rate was increased 10%, $.10 per share, to $1.14 per share, the 20th consecutive annual dividend increase. The new annual dividend rate of $1.14 per share will be effective with the June 1995 dividend payment. Dividends paid have increased at a compound rate of 7.8% during the past five years. The company has paid consecutive quarterly dividends since December 1, 1911.

The quarterly price ranges of the common stock and dividends per share in 1994 and 1993 were:

			1994			1993
	Market Price		Dividends	Market Price		Dividends
Quarter	High	Low	Per Share	High	Low	Per Share
First	$45-1/8	$38	$ .23	$39-3/4	$33-7/16	$.20-3/4
Second	41-7/8	37-3/8	.26	41-1/8	34-5/8	.23
Third	42	36-1/2	.26	46-1/4	39-1/2	.23
Fourth	39-7/8	32-1/4	.26	46-1/2	37-1/2	.23
Year	$45-1/8	$32-1/4	$1.01	$46-1/2	$33-7/16	$.89-3/4

The approximate number of common shareowners as of March 1, 1995, was 46,000.

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Cash flow (in millions)											
Depreciation and amortization	$437	$467	$542	$605	$714	$784	$794	$834	$944	$1,059	$1,156
Net earnings	$277	$286	$333	$393	$448	$515	$500	$515	$603	$ 711	$ 782

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Dividends per common share (year-end rate)	$.43	$.47	$.52	$.57	$.64	$.71	$.79	$.81	$.83	$.92	$1.04

[The following "Summary of Significant Accounting Policies" section is a reproduction of the same named section included in the paper format Annual Report on page 18.]

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fiscal Year. The company's fiscal year ends on the Saturday closest to January 31. Fiscal years 1994, 1993 and 1992 ended on January 28, 1995, January 29, 1994, and January 30, 1993, respectively. Each year included 52 weeks. References to years in this annual report relate to fiscal years rather than calendar years.

Basis of Reporting. The consolidated financial statements include the accounts of the company and all wholly owned subsidiaries (the company). Prior to dissolution of the May Centers Associates (MCA) partnership in 1992, the company's 50% partnership investment in MCA was accounted for using the equity method of accounting. See May Centers Associates on page 31.

Net Retail Sales and Revenues. Net retail sales (sales) represent the sales of stores operating at the end of the latest period, and exclude finance charge revenues and the sales of stores which have been closed and not replaced. Sales include sales of merchandise and services and sales of leased and licensed departments. Sales are net of returns and exclude sales tax. Store-for-store sales represent sales of those stores open during both years. Revenues include finance charge revenues and all sales from all stores operating during the period.

Cost of Sales. Cost of sales includes the cost of merchandise sold and buying and occupancy costs.

Preopening Expenses. Costs associated with the opening of new stores are expensed during the year incurred.

Income Taxes. Effective with the beginning of 1993, the company adopted Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes." The cumulative effect of adopting SFAS No. 109 was insignificant and, therefore, no adjustments were reflected in the financial statements. SFAS No. 109 requires income taxes to be accounted for using a balance sheet approach known as the liability method, as compared with the previous approach known as the deferred method. The liability method accounts for deferred income taxes by applying statutory tax rates in effect at the date of the balance sheet to differences between the book and tax basis of assets and liabilities. Adjustments to deferred taxes resulting from statutory rate changes flow through the tax provision in the year of the change.

Earnings Per Share. Primary earnings per share are computed by dividing net earnings less dividend requirements on redeemable preferred stock and ESOP Preference Shares (net of related income tax benefits on unallocated shares) by the average common shares outstanding and common share equivalents during the period. Fully diluted earnings per share assume conversion of the ESOP Preference Shares into common stock and adjust net earnings for the additional expense required to fund the ESOP debt service resulting from the assumed replacement of the ESOP Preference Shares dividends with common stock dividends. The average common shares outstanding and common share equivalents used to calculate fully diluted earnings per share were 264.9, 265.5 and 265.3 million in 1994, 1993 and 1992, respectively. References to earnings per share in this annual report relate to fully diluted earnings per share.

With the adoption of SFAS No. 109 in 1993, the tax benefit to the company from dividends paid on the unallocated shares of common stock assumed held by the ESOP is no longer reflected in fully diluted earnings per share. The impact on 1993 fully diluted earnings per share was a decrease of $.02.

Cash Equivalents. Cash equivalents consist primarily of commercial paper with maturities less than three months. Cash equivalents are stated at cost, which approximates fair value.

Accounts Receivable. In accordance with industry practice, installments on deferred payment accounts receivable maturing in more than one year have been included in current assets.

Merchandise Inventories. Department store merchandise inventories (83% of the company's consolidated inventories in 1994 and 1993) are valued by the retail method and are stated on the LIFO (last-in, first-out) cost basis, which is lower than market. The accumulated LIFO provision was $171 and $217 million in 1994 and 1993, respectively. Payless ShoeSource merchandise inventories are valued by the retail method and are stated on the lower of average cost or market basis.

Property and Equipment. Property and equipment are recorded at cost. Property and equipment are depreciated on a straight-line basis over their estimated useful lives. Investments in properties under capital leases and leasehold improvements are amortized over the shorter of their useful lives or their related lease terms.

Goodwill. Goodwill represents the excess of cost over the fair value of net tangible assets acquired at the dates of acquisition. Substantially all amounts are amortized using the straight-line method over a 40-year period. Goodwill is presented in the consolidated balance sheet net of accumulated amortization of $112 and $94 million in 1994 and 1993, respectively.

Derivatives Policy. The company's policy is to use financial derivatives only to reduce risk in conjunction with specific business transactions. Gains and losses on hedges of existing assets or liabilities are included in the respective balance sheet amounts. Gains and losses related to hedges of firm commitments or anticipated transactions are deferred and recognized in operating results or included in balance sheet amounts when the transaction occurs.

[The following "Consolidated Financial Statements" section is a reproduction of the same named section included in the paper format Annual Report on pages 19-22.]

The May Department Stores Company and Subsidiaries

CONSOLIDATED STATEMENT OF EARNINGS

(millions, except per share)	1994	1993	1992
Net Retail Sales	$11,877	$10,989	$10,204
Revenues	$12,223	$11,529	$11,150
Cost of sales	8,374	7,910	7,691
Selling, general and administrative expenses	2,319	2,196	2,202
Interest expense, net	234	245	279
Special and nonrecurring items	-	-	187
Total cost of sales and expenses	10,927	10,351	10,359
Earnings before income taxes	1,296	1,178	791
Provision for income taxes	514	467	188
Net Earnings	$ 782	$ 711	$ 603
Primary earnings per share	$ 3.06	$ 2.77	$ 2.35
Fully Diluted Earnings Per Share	$ 2.92	$ 2.65	$ 2.26

See the Summary of Significant Accounting Policies and Notes to Consolidated Financial Statements.

The May Department Stores Company and Subsidiaries

CONSOLIDATED BALANCE SHEET

(dollars in millions, except per share)	January 28, 1995	January 29, 1994
Assets		
Current Assets:		
Cash	$ 15	$ 15
Cash equivalents	40	31
Accounts receivable, net	2,436	2,394
Merchandise inventories	2,207	2,020
Other current assets	212	219
Total Current Assets	4,910	4,679
Property and Equipment:		
Land	207	248
Buildings and improvements	3,115	2,673
Furniture, fixtures and equipment	2,394	2,043
Property under capital leases	78	83
Total property and equipment	5,794	5,047
Accumulated depreciation	(1,928)	(1,636)
Property and equipment, net	3,866	3,411
Goodwill	602	619
Other Assets	94	91
Total Assets	$9,472	$8,800
Liabilities and Shareowners' Equity		
Current Liabilities:		
Current maturities of long-term debt	$ 169	$ 113
Accounts payable	837	870
Accrued expenses	761	740
Income taxes payable	128	48
Total Current Liabilities	1,895	1,771
Long-term Debt	2,875	2,822
Deferred Income Taxes	359	373
Other Liabilities	191	182
ESOP Preference Shares	374	380
Unearned Compensation	(357)	(367)
Shareowners' Equity:		
Common stock	124	124
Additional paid-in capital	5	21
Retained earnings	4,006	3,494
Total Shareowners' Equity	4,135	3,639
Total Liabilities and Shareowners' Equity	$9,472	$8,800

Common stock has a par value of $.50 per share; 700 million shares are authorized and 313.6 million shares were issued. At January 28, 1995, 248.4 million shares were outstanding and 65.2 million shares were held in treasury. At January 29, 1994, 248.3 million shares were outstanding and 65.3 million shares were held in treasury.

ESOP Preference Shares have a par value of $.50 per share, stated value of $507 per share and 800,000 shares are authorized. At January 28, 1995, 737,145 shares (convertible into 15.1 million common shares) were issued and outstanding. At January 29, 1994, 750,303 shares (convertible into 15.4 million common shares) were issued and outstanding.

See Preferred and Preference Stock in Notes to Consolidated Financial Statements for discussion of other preferred stock.

See the Summary of Significant Accounting Policies and Notes to Consolidated Financial Statements.

The May Department Stores Company and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

(millions)	1994	1993	1992
Operating Activities:			
Net earnings	$ 782	$ 711	$ 603
Adjustments for noncash items included in earnings:			
Depreciation and amortization	374	348	341
Deferred income taxes (noncurrent)	15	10	9
Deferred and unearned compensation	15	17	21
Adjusted equity earnings of MCA partnership	-	-	(7)
Nonrecurring gain	-	-	(298)
Special and nonrecurring charges, net of tax benefit	-	-	298
Working capital increases*	(154)	(216)	(142)
Other assets and liabilities, net	(33)	46	(10)
Total Operating Activities	999	916	815
Investing Activities:			
Capital expenditures	(937)	(700)	(404)
Disposition of property and equipment	127	118	72
Acquisition of 21% of MCAC	-	-	(156)
Collection of MCI note receivable	-	-	74
Other	(5)	(6)	20
Total Investing Activities	(815)	(588)	(394)
Financing Activities:			
Issuance of long-term debt	200	12	208
Repayment of long-term debt	(83)	(204)	(456)
Purchase of common stock	(56)	(54)	(31)
Issuance of common stock	34	32	46
Dividend payments	(270)	(240)	(223)
Total Financing Activities	(175)	(454)	(456)
Increase (Decrease) in Cash and Cash Equivalents	9	(126)	(35)
Cash and Cash Equivalents, Beginning of Year	46	172	207
Cash and Cash Equivalents, End of Year	$ 55	$ 46	$ 172

The May Department Stores Company and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS (con't.)

(millions)	1994	1993	1992
*Comprised of:			
Accounts receivable, net	$ (42)	$ (27)	$ 37
Merchandise inventories	(187)	(229)	(50)
Other current assets	7	105	24
Accounts payable	(33)	147	61
Accrued expenses	21	(199)	(199)
Income taxes payable	80	(13)	(15)
Net increase in working capital	$(154)	$(216)	$(142)
Cash paid during the year:			
Interest	$ 241	$ 257	$ 304
Income taxes	418	322	354

Noncash investing and financing activities include the disposition of $164 million investment in MCA and the elimination of $618 million of MCAC loans upon dissolution of the MCA partnership in 1992, and conversions of ESOP Preference Shares into common stock of $7, $9 and $5 million in 1994, 1993 and 1992, respectively.

See the Summary of Significant Accounting Policies and Notes to Consolidated Financial Statements.

The May Department Stores Company and Subsidiaries

CONSOLIDATED STATEMENT OF SHAREOWNERS' EQUITY

(dollars in millions, shares in thousands)	Outstanding Common Stock Shares	Outstanding Common Stock Dollars	Additional Paid-in Capital	Retained Earnings	Total Shareowners' Equity
Balance at February 1, 1992	246,916	$123	$15	$2,643	$2,781
Net earnings	-	-	-	603	603
Dividends paid:					
Common stock ($.82 1/2 per share)	-	-	-	(205)	(205)
ESOP Preference Shares, net of tax benefit	-	-	-	(18)	(18)
Preferred stock	-	-	-	-	-
Common stock issued	2,165	1	50	-	51
Purchase of common stock	(974)	-	(31)	-	(31)
Balance at January 30, 1993	248,107	$124	$34	$3,023	$3,181
Net earnings	-	-	-	711	711
Dividends paid:					
Common stock ($.89 3/4 per share)	-	-	-	(223)	(223)
ESOP Preference Shares, net of tax benefit	-	-	-	(17)	(17)
Preferred stock	-	-	-	-	-
Common stock issued	1,611	1	40	-	41
Purchase of common stock	(1,376)	(1)	(53)	-	(54)
Balance at January 29, 1994	248,342	$124	$21	$3,494	$3,639
Net earnings	-	-	-	782	782
Dividends paid:					
Common stock ($1.01 per share)	-	-	-	(251)	(251)
ESOP Preference Shares, net of tax benefit	-	-	-	(19)	(19)
Preferred stock	-	-	-	-	-
Common stock issued	1,429	1	39	-	40
Purchase of common stock	(1,388)	(1)	(55)	-	(56)
Balance at January 28, 1995	248,383	$124	$ 5	$4,006	$4,135

The May Department Stores Company and Subsidiaries

CONSOLIDATED STATEMENT OF SHAREOWNERS' EQUITY (con't.)

Outstanding common stock excludes shares held in treasury. Treasury share activity for the last three years is summarized below:

(shares in thousands)	1994	1993	1992
Balance, Beginning of Year	65,295	65,530	66,721
Common stock issued:			
Exercise of stock options	(677)	(967)	(1,667)
Deferred compensation plan	(181)	(239)	(217)
Restricted stock grants, net of forfeitures	(157)	31	(102)
Contribution to Profit Sharing Plan	(145)	(76)	-
Conversion of ESOP Preference Shares	(269)	(360)	(179)
	(1,429)	(1,611)	(2,165)
Purchase of common stock	1,388	1,376	974
Balance, End of Year	65,254	65,295	65,530

See the Summary of Significant Accounting Policies and Notes to Consolidated Financial Statements.

[The following "Notes to Consolidated Financial Statements" section is a reproduction of the same named section included in the paper format Annual Report on pages 23-29.]

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarterly Results (Unaudited). Quarterly results are determined in accordance with the annual accounting policies and include certain items based upon estimates for the entire year. Summarized quarterly results for the last two years were as follows:

(millions, except per share) Quarter	First	Second	Third	Fourth	1994 Year
Revenues	$2,622	$2,706	$2,945	$3,950	$12,223
Cost of sales	$1,817	$1,887	$2,052	$2,618	$ 8,374
Net Earnings	$ 112	$ 130	$ 139	$ 401	$ 782
Primary earnings per share	$ .43	$ .50	$ .54	$ 1.59	$ 3.06
Fully Diluted Earnings Per Share	$ .41	$ .49	$ .51	$ 1.51	$ 2.92

(millions, except per share) Quarter	First	Second	Third	Fourth	1993 Year
Revenues	$2,422	$2,586	$2,814	$3,707	$11,529
Cost of sales	$1,683	$1,791	$1,956	$2,480	$ 7,910
Net Earnings	$ 96	$ 117	$ 133	$ 365	$ 711
Primary earnings per share	$ .37	$ .45	$ .51	$ 1.44	$ 2.77
Fully Diluted Earnings Per Share	$ .35	$ .44	$ .49	$ 1.37	$ 2.65

There are variables and uncertainties in the factors used to estimate the annual LIFO provision on an interim basis. The following unaudited supplementary information shows the pro forma per share impact of LIFO had the final variables and factors been known at the beginning of each year.

	1994		1993	
Quarter	Pro Forma	As Reported	Pro Forma	As Reported
First	$(.02)	$ .02	$ .00	$ .02
Second	(.02)	.02	.01	.02
Third	(.03)	.00	.00	.01
Fourth	(.04)	(.15)	.01	(.03)
Year	$(.11)	$(.11)	$ .02	$ .02

Profit Sharing. The company has one qualified profit sharing plan which covers substantially all associates who are paid for 1,000 hours or more in a year and have attained age 21. The plan is a defined contribution plan which provides for discretionary matching allocations at a variable matching rate generally based upon changes in the company's annual earnings per share, as defined in the plan. The plan's matching allocation value totaled $29, $35 and $31 million in 1994, 1993 and 1992, respectively.

The company's Profit Sharing Plan includes an Employee Stock Ownership Plan (ESOP) under which the Profit Sharing Plan borrowed $400 million in 1989, guaranteed by the company, at an average rate of 8.5% with an average maturity of 12 years. The proceeds were used to purchase $400 million of a new class of convertible preference stock of the company (ESOP Preference Shares). The company issued 788,955 ESOP Preference Shares. Each share is convertible into 20.4903 shares of common stock and has a stated value of $24.74 per common share equivalent. The annual dividend rate on the ESOP Preference Shares is 7.5%, and the shares are redeemable by the holder or the company in certain situations.

The $389 million outstanding portion of the guaranteed ESOP debt is reflected in the consolidated balance sheet in long-term debt as the company will ultimately fund the required debt service. The company's contributions to the ESOP, along with the dividends on the ESOP Preference Shares, are used to repay the loan principal and interest. Interest expense associated with the ESOP debt was $33 million in each of 1994 and 1993, and $34 million in 1992. ESOP Preference Shares dividends were $28 million in 1994, and $29 million in each of 1993 and 1992. ESOP debt principal payments began in 1993. ESOP Preference Shares are released based upon debt service payments and are allocated to participating associates' accounts. Unearned compensation, initially an equal, offsetting amount to the $400 million guaranteed ESOP debt, has been adjusted for the difference between the expense related to the ESOP and cash payments to the ESOP, and is amortized as principal is repaid.

The company's expense related to the Profit Sharing Plan was $21, $22 and $14 million in 1994, 1993 and 1992, respectively.

At January 28, 1995, the Profit Sharing Plan beneficially owned 11.6 million shares of the company's common stock and 100% of the company's ESOP Preference Shares, which are convertible into 15.1 million shares of the company's common stock, representing 10.1% of the company's common stock on a fully converted basis.

Pension. The company has one retirement plan which covers substantially all associates who are paid for 1,000 hours or more in a year and have attained age 21. The plan is noncontributory and provides benefits based upon years of service and pay during employment. The company also maintains a nonqualified supplementary retirement plan for certain associates and foreign retirement plans for certain overseas-based associates.

Pension expense is determined by the company based on information provided by an outside actuarial firm, using assumptions to estimate the total benefits ultimately payable to associates and then allocating this cost to service periods. The actuarial assumptions used to calculate pension costs are reviewed annually. The following tables summarize the funded status of the plans, components of pension expense, actuarial assumptions and definitions of terms.

(millions)	1994	1993
Actuarial Present Value of Benefit Obligations:		
Vested benefit obligation	$186	$206
Nonvested benefit obligation	24	18
Accumulated benefit obligation (ABO)	210	224
Estimated effect of future salary increases	51	56
Projected benefit obligation (PBO)	261	280
Plan assets at fair value (primarily equity and fixed income securities)	227	234
Plan assets less than PBO	(34)	(46)
Unrecognized obligation	4	5
Unrecognized gain	(35)	(19)
Unrecognized prior service cost	20	21
Accrued pension cost	$(45)	$(39)
Plan assets in excess of ABO	$ 17	$ 10

The accrued pension cost primarily represents the unfunded ABO for the nonqualified supplementary retirement plan. Qualified plan assets in excess of ABO were $57 and $46 million in 1994 and 1993, respectively.

(millions)	1994	1993	1992
Components of Pension Expense:			
Service cost	$ 25	$ 23	$ 23
Interest on PBO	19	20	20
Actual return on assets	6	(22)	(12)
Net amortization and deferral	(19)	3	(7)
Total	$ 31	$ 24	$ 24

The increase in 1994 pension expense is primarily due to the January 1, 1994, decreases in the discount rate and expected return on assets assumptions.

At the end of 1994, the discount rate and expected rate of return on plan assets were increased as a result of a general increase in interest rates during the year.

			January 1,
	1995	1994	1993
Actuarial Assumptions:			
Discount rate	8.0 %	7.0%	8.25%
Expected return on plan assets	8.25	7.5	8.25
Salary increase	5.0	5.0	6.0

Definitions of Terms:

ABO is the actuarial present value of benefits (both vested and nonvested) attributed by the pension benefit formula to prior associate service based on current and past compensation levels.

PBO is the actuarial present value of benefits attributed by the pension benefit formula to prior associate service taking into consideration future salary increases.

Accrued pension cost is the balance sheet accrued expense not yet paid to a plan.

Net amortization and deferral represents the net effect during the period of the delayed recognition provisions of SFAS No. 87.

Another important element in the retirement programs for associates is the federal Social Security system into which the company paid $137 million in 1994 as its matching portion of the $137 million contributed by associates.

The company maintains a postretirement benefit plan for certain associates. Benefits vary by the group of associates covered and include fixed or variable benefits for life and/or health insurance. Current eligibility is limited to a small group of associates. At the end of 1994, the company increased the discount rate assumption from 7.0% to 8.0%, which resulted in a $4 million decrease in the present value of future obligations. As of January 28, 1995, the company's estimated present value of future obligations for postretirement benefits of $39 million is fully accrued in accordance with Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." The estimated future obligations are based upon assumed annual health care cost increases of 12% for 1995 and decreasing by 1% annually to 8% for 1999 and future years. A one-percentage-point increase/decrease in the assumed annual health care cost increases would increase/decrease the present value of estimated future obligations for postretirement benefits by $1 million. The postretirement plan is unfunded. The postretirement expense was $3, $2 and $3 million in 1994, 1993 and 1992, respectively.

Taxes. The provision for income taxes and related percent of pretax earnings for the last three years were as follows:

(dollars in millions)	1994		1993		1992	
	$	%	$	%	$	%
Federal	$393		$304		$259	
State and local	87		68		49	
Taxes currently payable	480	37.1%	372	31.6%	308	38.9%
Federal	28		81		(106)	
State and local	6		14		(14)	
Deferred taxes	34	2.6	95	8.0	(120)	(15.2)
Total	$514	39.7%	$467	39.6%	$188	23.7%

The provision for deferred income taxes prior to the adoption of SFAS No. 109 consisted of:

(millions)	1992
Depreciation and amortization	$ 8
Accrued expenses and reserves	(124)
Other, net	(4)
Total	$(120)

The reconciliation between the statutory federal income tax rate and the effective income tax rate for the last three years follows:

	1994	1993	1992
Statutory federal income tax rate	35.0%	35.0%	34.0%
State and local income taxes	7.2	7.0	4.4
Federal tax benefit of state and local income taxes	(2.5)	(2.5)	(1.5)
Nonrecurring gain	-	-	(12.8)
Equity earnings of MCA partnership	-	-	(0.3)
Other, net	-	0.1	(0.1)
Effective income tax rate	39.7%	39.6%	23.7%

Major components of deferred tax assets and (liabilities) were as follows:

(millions)	January 28, 1995	January 29, 1994
Accrued expenses and reserves	$ 171	$ 190
Deferred and other compensation	91	92
Depreciation/amortization and basis differences	(398)	(401)
Other deferred income tax liabilities, net	(58)	(72)
Net deferred income taxes	(194)	(191)
Deferred investment tax credit	-	(3)
Less: Net current deferred income tax assets	(165)	(179)
Noncurrent deferred income taxes	$(359)	$(373)

Net current deferred income tax assets are included in other current assets in the accompanying balance sheet.

Taxes other than income taxes consisted of:

(millions)	1994	1993	1992
Payroll	$173	$165	$164
Real estate and personal property	83	79	83
Total	$256	$244	$247

Accounts Receivable. During 1994, credit sales under department store credit programs were $5.8 billion, or 57.3% of 1994 department store sales compared with 62.4% in 1993 and 64.2% in 1992. An estimated 31 million customers hold credit cards under the company's various credit programs. During the past years, we have expanded our acceptance of third party credit cards. Sales made through third party credit cards, including sales of Payless ShoeSource stores, totaled $2.1 billion in 1994 compared with $1.5 billion in 1993 and $1.1 billion in 1992.

Net accounts receivable consisted of:

(millions)	January 28, 1995	January 29, 1994
Customer accounts receivable	$2,418	$2,368
Other accounts receivable	96	102
Total accounts receivable	2,514	2,470
Allowance for uncollectible accounts	(78)	(76)
Accounts receivable, net	$2,436	$2,394

Other Current Assets. In addition to net current deferred income tax assets, other current assets consisted of prepaid expenses and supply inventories.

Other Assets. Major components of other assets included:

(millions)	January 28, 1995	January 29, 1994
Notes receivable	$48	$44
Deferred debt expense	21	20
Restricted construction funs	5	9

Accrued Expenses. Major components of accrued expenses included:

(millions)	January 28, 1995	January 29, 1994
Insurance costs	$203	$199
Sales and use and other taxes	142	130
Interest and rent expense	102	98
Salaries, wages and employee benefits	87	80
Store closings and real estate-related	81	113
Construction costs	62	34
Advertising and other operating expenses	50	45

Short-term Debt and Lines of Credit. Short-term borrowings for the last three years were:

(dollars in millions)	1994	1993	1992
Balance outstanding at year-end	-	-	-
Average balance outstanding	$ 83	$ 94	$ 36
Average interest rate on average balane	5.0%	3.3%	3.6%
Maximum balance outstanding	$317	$344	$135

The average balance of short-term borrowings outstanding, primarily commercial paper, and the respective weighted average interest rates are based on the number of days such short-term borrowings were outstanding during the year. The company has available credit agreements amounting to $750 million. At January 28, 1995, there were no amounts outstanding under these agreements.

Long-term Debt. Long-term debt and capital lease obligations were:

(dollars in millions)	January 28, 1995	January 29, 1994
5.7% to 10.75% unsecured notes and sinking fund debentures due 1995-2024	$2,902	$2,780
3.0% to 10.0% mortgage notes and bonds due 1995-2012	69	72
Total debt	2,971	2,852
Capital lease obligations	73	83
	3,044	2,935
Less current maturities	(169)	(113)
Total	$2,875	$2,822

During 1994, the company issued $200 million of 8-3/8% debentures due in 2024. The proceeds from the issuance were added to the company's general funds and were available for the purchase of certain of the company's other indebtedness, capital expenditures, working capital needs and other general corporate purposes, including investments and acquisitions.

During 1994 and 1993, the company retired $35 and $100 million, respectively, of high interest rate debt. The cost associated with retiring the debt was recorded in 1992. See Special and Nonrecurring Items on page 32.

During 1992, the company issued $200 million of 8-3/8% debentures due in 2022. The proceeds from the issuance were added to the company's general funds and were available for the purchase of certain of the company's other indebtedness, capital expenditures, working capital needs and other general corporate purposes, including investments and acquisitions. During 1992, the company retired $360 million of high interest rate debt. Also, upon dissolution of the MCA partnership on May 18, 1992, the company received a majority ownership interest in MCAC and, therefore, $618 million of MCAC loans were eliminated on a consolidated basis. See May Centers Associates and Special and Nonrecurring Items on pages 31 and 32.

The annual maturities of long-term debt, including sinking fund requirements, are $169, $21, $236, $244 and $89 million for 1995 through 1999, respectively.

The net book value of property and equipment encumbered under long-term debt agreements was $103 million at January 28, 1995.

Lease Obligations. The company owns approximately 76% of its department stores and leases substantially all of its Payless ShoeSource stores. Approximately 79% of real property rent expense was attributable to Payless ShoeSource stores in 1994.

Rental expense for the company's operating leases consisted of:

(millions)	1994	1993	1992
Minimum rentals	$224	$200	$182
Contingent rentals based on sales	18	18	19
Real property rentals	242	218	201
Equipment rentals	5	7	8
Total	$247	$225	$209

Future minimum lease payments at January 28, 1995, were as follows:

(millions)	Capital Leases	Operating Leases	Total
1995	$ 10	$ 241	$ 251
1996	10	225	235
1997	10	203	213
1998	10	182	192
1999	10	162	172
After 1999	138	620	758
Minimum lease payments	188	$1,633	$1,821
Less imputed interest component	(115)		
Present value of net minimum lease payments of which $2 million is included in current liabilities	$ 73		

The present value of operating leases was $1.1 billion at January 28, 1995.

The company entered into capital leases with MCI (currently known as CenterMark Properties, Inc.) in 1988 for certain department store properties, resulting in initial capital lease obligations of $74 million payable to MCI through 2017. These leased properties owned by MCI secured a 12%, $74 million note receivable from MCI, which was repaid in 1992. See May Centers Associates on page 31.

Property under capital leases is summarized as follows:

(millions)	January 28, 1995	January 29, 1994
Cost	$ 78	$ 83
Accumulated amortization	(32)	(30)
Total	$ 46	$ 53

Other Liabilities. Other liabilities principally consisted of deferred compensation liabilities of $189 and $178 million at January 28, 1995, and January 29, 1994, respectively. Under the company's deferred compensation plan, eligible associates may elect to defer a portion of their compensation each year into cash and/or stock unit alternatives. The company makes payments in shares to settle obligations with most participants who defer in stock units and maintains shares in treasury sufficient to settle all outstanding stock unit obligations.

Preferred and Preference Stock. The company is authorized to issue 25,134,474 shares of preferred and preference stock. The following summarizes the authorized, issued and outstanding shares by type:

(dollars in millions, except per share)	Shares Authorized	Issued and Outstanding January 28, 1995 $	Shares	January 29, 1994 $	Shares
Preferred Stock, no par value	51,323	1	12,105	1	12,115
$1.80 Preference Stock, no par value	73,273	1	26,653	1	26,653
3-3/4% Cumulative Preference Stock, $1.00 par value per share	9,878	-	-	-	-
Preference Stock, $.50 par value per share, in the aggregate, including ESOP shares	25,000,000	374	737,145	380	750,303

The Preferred Stock and the $1.80 Preference Stock are included in other liabilities. The ESOP Preference Shares are shown separately in the consolidated balance sheet outside of shareowners' equity as the shares are redeemable by the holder or the company in certain situations.

Stock Option and Stock Related Plans. Under the company's common stock option plans, options are granted at the market price on the date of grant. Options to purchase may extend for a period of five or 10 years, may be exercised in installments only after stated intervals of time, and are conditioned upon continued active employment with the company, except periods following retirement, disability or death. As the option price is fixed at the market price on the date of grant, no expense is charged against earnings by the company.

The changes in outstanding stock options were as follows:

(shares in thousands)	Shares	1994 Grant Prices	Shares	1993 Grant Prices
Outstanding at beginning of year	4,780	$ 8-44	4,941	$ 8-37
Granted	1,523	38-40	1,227	37-44
Exercised	(677)	8-37	(967)	8-36
Cancelled or expired	(297)	18-44	(421)	15-37
Outstanding at end of year	5,329	$12-44	4,780	$ 8-44
Exercisable at end of year	1,971	$12-44	1,503	$ 8-37
Shares available for additional grants	16,183		4,195	

Under the 1994 Stock Incentive Plan, the company is authorized to grant a maximum of 1.75 million shares of restricted stock to management associates. No monetary consideration is paid by associates receiving restricted stock. Restricted stock can be granted with or without performance restrictions. Restrictions, including performance restrictions, lapse over periods of up to 10 years as determined at the date of the grant. During 1994, the company granted 179,000 shares of restricted stock under the 1994 Stock Incentive Plan.

Under the 1979 Restricted Stock Plan, the company was authorized to grant shares to management associates. No monetary consideration was paid by associates receiving restricted stock. Restrictions lapse over periods of up to 10 years as determined at the date of grant. During 1994 and 1993, the company granted 5,000 and 44,000 shares of restricted stock, respectively, under the 1979 Restricted Stock Plan.

Shareowner Rights Plan. The company has a Shareowner Rights Plan (Preferred Stock Purchase Rights) under which a right is attached to each share of the company's common stock. The rights may only become exercisable under certain circumstances involving actual or potential acquisitions of the company's common stock by a person or affiliated persons. Depending upon the circumstances, if the rights become exercisable, the holder may be entitled to purchase units of the company's preference stock, shares of the company's common stock or shares of common stock of the acquiring person. The rights will remain in existence until August 31, 2004, unless they are earlier terminated, exercised or redeemed.

Bondholder Litigation. In the 1994 third quarter, the company recorded a pretax charge of $10 million, or $.02 per share, which represents the company's share of the settlement of a 1992 lawsuit filed by certain bondholders and is net of previously established reserves.

Fair Value of Financial Instruments. The following table presents the carrying amounts and fair values of the company's financial instruments at January 28, 1995, and January 29, 1994. Statement of Financial Accounting Standards No. 107, "Disclosures about Fair Value of Financial Instruments," defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

		1994		1993
(millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Accounts receivable	$2,436	$2,436	$2,394	$2,394
Long-term debt	2,971	3,104	2,852	3,436

The carrying amounts shown in the table are included in the consolidated balance sheet under the indicated captions.

The decrease in the spread between the fair value and carrying amount of long-term debt in 1994 compared with 1993 was due to higher interest rates at the end of 1994. The fair value was determined based upon borrowing rates currently available for debt instruments with similar remaining terms and maturities.

In 1986, the company sold a portion of Parklabrea, a 178-acre commercial and residential development. In connection with this transaction, the company sold $165 million of notes received from the sale and became contingently liable for up to $42 million of the purchaser's debt. The fair value of this guarantee is not significant.

In 1994, the company sold its remaining interests in Parklabrea for $84 million, including a $27 million note receivable. The company recognized a $5 million pretax gain on this transaction.

May Centers Associates. On May 18, 1992, the May Centers Associates (MCA) partnership was dissolved and its assets were distributed to its 50% partners, the company and an affiliate of The Prudential Life Insurance Company (The Prudential). The asset distribution resulted in the company receiving 79% of the stock of May Centers Associates Corporation (MCAC) and The Prudential receiving 21% of the stock of MCAC and 100% of the stock of May Centers, Inc. (MCI). MCI, a real estate entity, and MCAC, an entity which had entered into various sale/leaseback transactions with the company, were both 100% owned by MCA prior to the distribution. Subsequent to the distribution, MCI changed its name to CenterMark Properties, Inc. During the 1992 second quarter, the company recorded a $298 million pretax and after tax nonrecurring gain from the distribution of MCA partnership assets. In the 1992 fourth quarter, the company acquired the 21% of the stock of MCAC held by The Prudential for $156 million.

The company's investment in the MCA partnership and its results of operations were recorded using the equity method of accounting. Included in selling, general and administrative expenses was $7 million of adjusted equity earnings of MCA in 1992.

Prior to 1992, the company and MCAC entered into sale/leaseback transactions whereby MCAC purchased from the company various department store properties. The sale/leasebacks were accounted for as loans from MCAC (MCAC loans). Upon dissolution of the MCA partnership on May 18, 1992, the company received a majority ownership interest in MCAC and, therefore, $618 million of MCAC loans were eliminated on a consolidated basis.

Special and Nonrecurring Items. During the 1992 third quarter, the company recorded pretax charges of $485 million, $298 million after tax, for special and nonrecurring items. The pretax charges consisted of $240 million for four department store company consolidations; $125 million for planned closings of low-productivity stores and other real estate-related charges including adjustments to reflect expected values of a number of properties planned for disposition; $60 million for the costs associated with achieving various operating efficiencies, including the May Merchandising Company headquarters relocation to St. Louis and the data center combinations; $40 million for the cost associated with retiring high interest rate debt; and $20 million for a special contribution to The May Department Stores Company Foundation. The cost to retire the debt was not reflected as an extraordinary item as it was not material to total company earnings or the earnings trend of the company.

During the 1992 second quarter, the company recorded a $298 million pretax and after tax nonrecurring gain from the distribution of the MCA partnership assets on May 18, 1992. See May Centers Associates on page 31.

The 1992 special and nonrecurring charges and nonrecurring gain are reflected as special and nonrecurring items on a separate line in the consolidated statement of earnings. The 1992 special and nonrecurring items had no impact on full-year net earnings or earnings per share.

[The following "Six Year Summary by Business Segment" section is a reproduction of the same named section included in the paper format Annual Report on pages 28-29.]

Notes To Six Year Summary By Business Segment. Net retail sales exclude finance charge revenues and sales of nonreplaced closed stores and sold divisions in all periods. The revenues shown below include finance charge revenues and all sales of all stores operating during the period.

(millions)	1994	1993	1992	1991	1990	1989
Revenues:						
Department stores	$10,107	$ 9,563	$ 9,362	$ 9,067	$ 8,700	$8,356
Payless ShoeSource	2,116	1,966	1,788	1,548	1,366	1,246
Total	$12,223	$11,529	$11,150	$10,615	$10,066	$9,602

Revenues for 1989 included 53 weeks.

Operating earnings represent LIFO earnings before federal and state income taxes, net interest expense and corporate expense, and exclude special and nonrecurring items and sold divisions. Goodwill, the fair value adjustment of property, equipment and leases, and the related amortization and depreciation of such items have been included in corporate expense and total assets. In addition, consolidation costs, store closing costs and gains have been included in corporate expense. In 1992, consolidation costs and store closing costs were shown in the special and nonrecurring items line in the consolidated statement of earnings. Had these items been included in the operating segments, operating earnings and total assets for department stores, corporate and real estate would have been:

(millions)	1994	1993	1992	1991	1990	1989
Operating Earnings:						
Department stores	$1,384	$1,262	$ 722	$ 912	$ 907	$ 941
Real estate	-	-	7	49	40	35
Corporate expense	(73)	(63)	127	(33)	(66)	(88)
Total Assets:						
Department stores	$8,194	$7,612	$7,240	$7,297	$7,193	$6,466
Corporate and real estate	271	356	577	753	524	822

In 1994, corporate expense included a $10 million charge related to bondholder litigation. See Bondholder Litigation on page 31.

Total assets for corporate consist principally of cash, cash equivalents, goodwill and purchase accounting fair value adjustments, the investment in MCA partnership (prior to dissolution in 1992) and the net assets of discontinued operations (Caldor and Venture in 1989).

Net assets represent total assets of continuing operations plus the present value of operating leases, minus current liabilities excluding notes payable and the current portion of long-term debt. Return on net assets by segment represents operating earnings plus the interest component of operating leases, divided by net assets at the beginning of the year.

Capital expenditures for department stores exclude amounts related to the acquisition of Thalhimers in 1990.

The May Department Stores Company and Subsidiaries

SIX YEAR SUMMARY BY BUSINESS SEGMENT

(dollars in millions)	1994	1993	1992	1991	1990	1989
Net Retail Sales						
Department stores	$ 9,761	$ 9,023	$ 8,416	$7,873	$7,503	$7,038
Payless ShoeSource	2,116	1,966	1,788	1,548	1,366	1,228
Total	$11,877	$10,989	$10,204	$9,421	$8,869	$8,266
Operating Earnings						
Department stores	$ 1,400	$ 1,276	$ 1,109	$ 963	$ 915	$ 945
Payless ShoeSource	219	225	214	184	161	144
Total	1,619	1,501	1,323	1,147	1,076	1,089
Corporate expense	(89)	(78)	(73)	(67)	(67)	(77)
Interest expense, net	(234)	(245)	(279)	(316)	(280)	(233)
Sold divisions and real estate	-	-	7	32	33	20
Special and non-recurring items	-	-	(187)	-	-	-
Earnings from continuing operations before income taxes	$ 1,296	$ 1,178	$ 791	$ 796	$ 762	$ 799
LIFO Charge (Credit)						
Department stores	$ (46)	$ 7	$ 10	$ 26	$ 39	$ (22)
Operating Earnings as % of Revenues						
Department stores	13.8%	13.3%	11.8%	10.6%	10.5%	11.4%
Payless ShoeSource	10.4	11.4	12.0	11.9	11.7	11.7
Total Assets						
Department stores	$ 7,416	$ 6,822	$ 6,431	$6,498	$6,389	$5,752
Payless ShoeSource	1,007	833	728	678	519	442
Corporate and real estate	1,049	1,145	1,386	1,552	1,328	1,536
Total	$ 9,472	$ 8,800	$ 8,545	$8,728	$8,236	$7,730
Net Assets						
Department stores	$ 6,244	$ 5,738	$ 5,413	$5,527	$5,499	$4,716
Payless ShoeSource	1,721	1,418	1,253	1,069	851	749
Corporate and real estate	922	954	1,069	1,507	1,298	1,170
Total	$ 8,887	$ 8,110	$ 7,735	$8,103	$7,648	$6,635
Return on Net Assets						
Department stores	24.7%	23.9%	20.5%	18.0%	20.0%	22.3%
Payless ShoeSource	21.3	23.9	26.5	29.0	28.9	28.9
Total	20.1%	19.6%	16.7%	16.0%	17.2%	18.0%
Capital Expenditures						
Department stores	$ 680	$ 545	$ 280	$ 361	$ 450	$ 427
Payless ShoeSource	255	140	120	146	82	51
Corporate and real estate	2	15	4	5	16	44
Total	$ 937	$ 700	$ 404	$ 512	$ 548	$ 522

The May Department Stores Company and Subsidiaries

SIX YEAR SUMMARY BY BUSINESS SEGMENT (con't.)

(dollars in millions)	1994	1993	1992	1991	1990	1989
Depreciation and Amortization						
Department stores	$ 272	$ 255	$ 258	$ 250	$ 231	$ 208
Payless ShoeSource	77	67	58	46	40	36
Corporate and real estate	25	26	25	23	23	25
Total	$ 374	$ 348	$ 341	$ 319	$ 294	$ 269

Net retail sales for 1989, a 53-week year, are shown above on a 52-week basis for comparability.

See Notes to Six Year Summary By Business Segment on page 33.

[The following "Eleven Year Financial Summary" section is a reproduction of the same named section included in the paper format Annual Report on pages 30-31.]

The May Department Stores Company and Subsidiaries

ELEVEN YEAR FINANCIAL SUMMARY

(dollars in millions, except per share)	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984
Net Retail Sales	$11,877	$10,989	$10,204	$ 9,421	$ 8,869	$8,354	$7,320	$5,821	$5,288	$4,684	$4,309
Operations											
Revenues	$12,223	$11,529	$11,150	$10,615	$10,066	$9,602	$8,874	$7,480	$7,437	$6,825	$6,361
Cost of sales	8,374	7,910	7,691	7,339	6,978	6,581	6,098	5,186	5,202	4,775	4,399
Selling, general and administrative expenses	2,319	2,196	2,202	2,164	2,046	1,989	1,888	1,563	1,572	1,436	1,363
Interest expense, net	234	245	279	316	280	233	198	80	92	91	88
Earnings from continuing operations before income taxes	1,296	1,178	791*	796	762	799	690	651	571	523	511
Provision for income taxes	514	467	188*	281	262	284	242	258	238	237	234
Net Earnings from Continuing Operations	782	711	603	515	500	515	448	393	333	286	277
LIFO charge (credit)	(46)	7	10	26	39	(22)	(3)	8	4	2	(5)
Net earnings	782	711	603	515	500	498	534	444	381	347	327
Depreciation and amortization	374	348	341	319	294	269	266	212	209	181	160
Cash flow from operations (1)	1,156	1,059	944	834	794	784	714	605	542	467	437
Net issuances (repayments) of long-term debt(2)	117	(192)	(248)	313	590	169	891	(61)	159	141	(141)
Capital expenditures	937	700	404	512	548	522	337	424	435	400	266
Dividends on common stock	251	223	205	198	191	186	184	170	131	124	106

The May Department Stores Company and Subsidiaries

ELEVEN YEAR FINANCIAL SUMMARY (con't.)

(dollars in millions, except per share)	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984
Per Share											
Net Earnings from Continuing Operations (3)	$ 2.92	$ 2.65	$ 2.26	$ 1.93	$ 1.87	$ 1.82	$ 1.52	$ 1.28	$ 1.05	$ .91	$ .90
Net earnings (3)	2.92	2.65	2.26	1.93	1.87	1.76	1.81	1.44	1.20	1.11	1.06
Dividends paid	1.01	.90	.83	.81	.77	.69	.62	.56	.51	.46	.39
Annual dividend rate at year-end	1.04	.92	.83	.81	.79	.71	.64	.57	.52	.47	.43
Book value	16.65	14.65	12.82	11.26	10.04	9.32	10.75	9.13	8.50	7.86	7.25
Market price											
- high	45.13	46.50	37.25	30.19	29.56	26.31	20.00	25.44	22.06	16.25	12.09
- low	32.25	33.44	26.00	22.63	18.69	17.31	14.38	11.13	15.94	10.50	7.52
- average of high and low	38.69	39.97	31.63	26.41	24.13	21.81	17.19	18.28	19.00	13.38	9.81
Financial Position											
Customer accounts receivable	$ 2,418	$ 2,368	$ 2,373	$ 2,377	$ 2,456	$2,223	$2,099	$1,590	$1,516	$1,578	$1,514
Merchandise inventories	2,207	2,020	1,791	1,741	1,628	1,491	1,318	1,044	999	1,035	933
Working capital	3,015	2,908	2,679	3,052	2,635	2,059	2,094	1,821	1,921	1,529	1,354
Property and equipment, net	3,866	3,411	3,158	3,151	2,985	2,666	2,506	2,037	1,917	1,846	1,496
Long-term debt, preferred and preference stock	3,251	3,204	3,270	4,315	3,965	3,406	2,404	1,111	1,153	1,071	778
Shareowners' equity	4,135	3,639	3,181	2,781	2,467	2,319	3,050	2,723	2,595	2,421	2,233
Total assets	9,472	8,800	8,545	8,728	8,236	7,730	7,532	5,652	5,756	5,221	4,599

The May Department Stores Company and Subsidiaries

ELEVEN YEAR FINANCIAL SUMMARY (con't.)

(dollars in millions, except per share)	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984
Statistics											
Percent of revenues:											
Net earnings from continuing operations	6.4%	6.2%	5.4%	4.9%	5.0%	5.4%	5.1%	5.3%	4.5%	4.2%	4.4%
Cash flow from operations (1)	9.5	9.2	8.5	7.9	7.9	8.2	8.1	8.1	7.3	6.8	6.9
Return on equity	21.3	22.1	21.5	20.7	21.8	18.0	18.6	17.0	15.7	15.5	16.1
Return on net assets	20.1	19.6	16.7**	16.0	17.2	18.0	17.5	17.4	17.7	18.8	18.9
Stores Open at Year-End											
Department stores	314	301	303	318	324	288	297	258	286	301	303
Payless ShoeSource	4,435	3,779	3,563	3,295	2,967	2,746	2,602	2,436	2,210	1,867	1,662
Average Shares Outstanding and Equivalents											
- Primary	249.6	249.9	248.8	248.0	249.0	267.2	294.8	306.3	313.1	311.1	310.8
- Fully Diluted	264.9	265.5	265.3	264.2	264.8	280.0	295.4	306.3	314.9	312.0	311.6

All years included 52 weeks, except 1989 and 1984 which included 53 weeks.

* Pretax earnings include a net charge of $187 million from special and nonrecurring items, and income taxes include a tax benefit of $187 million from special and nonrecurring items.

** Based on pretax earnings before special and nonrecurring items.

(1) Cash flow from operations represents net earnings and depreciation/amortization from continuing operations and is different than cash flow from operating activities as shown on the statement of cash flows.

(2) Net issuances (repayments) of long-term debt exclude the elimination of $618 million of MCAC loans in 1992 and $400 million of guaranteed ESOP debt in 1989.

(3) Represents fully diluted basis. Primary earnings per share were $.14 higher in 1994, $.12 higher in 1993, $.09 higher in 1992, $.08 higher in 1991, $.07 higher in 1990, $.05 higher in 1989, and $.01 higher in each of 1988 and 1986.

MANAGEMENT'S RESPONSIBILITY AND REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Report of Management. Management is responsible for the preparation, integrity and objectivity of the financial information included in this annual report. The financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis. The financial statements reflect all available information and management's judgment and estimates of current conditions and circumstances. Management uses the services of specialists within and outside the company in making such estimates and judgments.

Management has established and maintains a system of accounting and controls to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, that the accounting records provide a reliable basis for the preparation of financial statements and that such financial statements are not misstated due to material fraud or error. The system of controls includes the careful selection of associates, the proper segregation of duties and the communication and application of formal policies and procedures that are consistent with high standards of accounting and administrative practices. An important element of this system is a comprehensive internal audit program. Management continually reviews, modifies and improves its systems of accounting and controls in response to changes in business conditions and operations and to recommendations in the reports prepared by the independent public accountants and internal auditors.

Management believes that it is essential for the company to conduct its business affairs in accordance with the highest ethical standards and in conformity with the law. This standard is described in the company's policies on business conduct which are publicized throughout the company.

Audit Committee of the Board of Directors. The Board of Directors, through the activities of its Audit Committee, participates in the reporting of financial information by the company. The committee meets regularly with management, the internal auditors and the independent public accountants. The committee met four times during 1994 and reviewed the scope, timing and fees for the annual audit and the results of audit examinations completed by the internal auditors and independent public accountants, including the recommendations to improve certain internal controls and the follow-up reports prepared by management. The independent public accountants and internal auditors have free access to the committee and the Board of Directors and attend each meeting of the committee.

The members of the Audit Committee are Russell E. Palmer (chairman), Edward H. Meyer, Michael R. Quinlan, William P. Stiritz, Robert D. Storey and Murray L. Weidenbaum.

The Audit Committee reports the results of its activities to the full Board of Directors.

[The following "Report of Independent Public Accountants" section is a reproduction of the same named section included in the paper format Annual Report on page 32.]

Report of Independent Public Accountants.

To the Board of Directors and Shareowners of
The May Department Stores Company:

We have audited the accompanying consolidated balance sheet of The May Department Stores Company (a New York corporation) and subsidiaries as of January 28, 1995, and January 29, 1994, and the related consolidated statements of earnings, shareowners' equity and cash flows for each of the three fiscal years in the period ended January 28, 1995. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The May Department Stores Company and subsidiaries as of January 28, 1995, and January 29, 1994, and the results of their operations and their cash flows for each of the three fiscal years in the period ended January 28, 1995, in conformity with generally accepted accounting principles.

Arthur Andersen LLP
1010 Market Street
St. Louis, Missouri 63101-2089

February 20, 1995

</TEXT>
</DOCUMENT>

<ARTICLE> 5
<LEGEND>
THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JANUARY 28, 1995, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
</LEGEND>
<MULTIPLIER> 1,000,000

<PERIOD-TYPE>	YEAR	
<FISCAL-YEAR-END>		JAN-28-1995
<PERIOD-END>		JAN-28-1995
<CASH>		15
<SECURITIES>		40
<RECEIVABLES>		2,514
<ALLOWANCES>		78
<INVENTORY>		2,207
<CURRENT-ASSETS>		4,910
<PP		5,794
<DEPRECIATION>		1,928
<TOTAL-ASSETS>		9,472
<CURRENT-LIABILITIES>		1,895
<BONDS>		3,044
<COMMON>		124
<PREFERRED-MANDATORY>		3
<PREFERRED>		0
<OTHER-SE>		4,011
<TOTAL-LIABILITY-AND-EQUITY>		9,472
<SALES>		11,877
<TOTAL-REVENUES>		12,223
<CGS>		8,374
<TOTAL-COSTS>		10,693
<OTHER-EXPENSES>		0
<LOSS-PROVISION>		75
<INTEREST-EXPENSE>		234
<INCOME-PRETAX>		1,296
<INCOME-TAX>		514
<INCOME-CONTINUING>		782
<DISCONTINUED>		0
<EXTRAORDINARY>		0
<CHANGES>		0
<NET-INCOME>		782
<EPS-PRIMARY>		3.06
<EPS-DILUTED>		2.92

</TEXT>
</DOCUMENT>

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

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

For The Year Ended December 31, 1994

A. Full title 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 securities held pursuant to the plan and the address of its principal executive office:

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

Commission File Number 1-79

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:

Financial Statements	Page of this Form 11-K
Report of Independent Public Accountants	3
Financial Statements of the Plan:	
Statement of Net Assets Available for Benefits - December 31, 1994	4
Statement of Net Assets Available for Benefits - December 31, 1993	6
Statement of Changes in Net Assets Available for Benefits for the Year Ended December 31, 1994	8
Notes to Financial Statements - December 31, 1994 and 1993	10
Schedule I - Item 27(a): Schedule of Assets Held for Investment Purposes - December 31, 1994	16
Schedule II - Item 27(d): Schedule of Reportable Transactions for the Year Ended December 31, 1994	20
Exhibit	
Consent of Independent Public Accountants	21

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Administrator has duly caused this annual report to be signed by the undersigned, thereunto duly authorized.

THE MAY DEPARTMENT STORES COMPANY
PROFIT SHARING PLAN

By: The May Department Stores Company

Date: April 17, 1995 By: /s/ Jerome T. Loeb
Jerome T. Loeb
President and Chief Financial Officer

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To The May Department Stores Company
Profit Sharing Plan:

We have audited the accompanying statements of net assets available for benefits of The May Department Stores Company Profit Sharing Plan as of December 31, 1994 and 1993, and the related statement of changes in net assets available for benefits for the year ended December 31, 1994. These financial statements and the schedules referred to below are the responsibility of the Plan Administrator. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 1994 and 1993, and the changes in net assets available for benefits for the year ended December 31, 1994, in conformity with generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets held for investment purposes and reportable transactions 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. The Fund Information in the statements of net assets available for benefits and the statement of changes in net assets available for benefits is presented for purposes of additional analysis rather than to present the net assets available for benefits and changes in net assets available for benefits of each fund. The supplemental schedules and Fund Information have been subjected to the auditing procedures applied in the audits 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.

ARTHUR ANDERSEN LLP

St. Louis, Missouri,
April 17, 1995

THE MAY DEPARTMENT STORES COMPANY

PROFIT SHARING PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 1994
(Thousands, except per unit information)

	Investment Funds			
	ESOP Preference			
ASSETS	Unallocated	Member Allocated	May Common Stock	Money Market
INVESTMENTS, at fair value:				
The May Department Stores Company-				
Convertible preferred stock	$419,895	$ 90,432	$ -	$ -
Common stock	-	-	390,067	-
Short-term investments	-	-	7,475	48,716
Commingled equity index fund	-	-	-	-
U.S. government securities	-	-	-	-
Fixed income investments	-	-	-	-
Total investments	419,895	90,432	397,542	48,716
OTHER ASSETS:				
Receivable (payable) for allocation to member accounts	(23,091)	23,091	-	-
Receivable - employer supplemental contribution	-	-	3,247	-
Dividends and interest receivable	-	-	25	235
Receivables - withholdings of member contributions	-	-	187	62
Interfund receivable (payable)	-	(18)	622	(357)
Total assets	396,804	113,505	401,623	48,656
LIABILITIES				
LIABILITIES:				
Notes payable	389,136	-	-	-
Accrued interest payable	5,454	-	-	-
Net amount payable (receivable) for investment security transactions and other	-	-	3,713	-
Amounts payable for administrative expenses	-	-	502	113
Total liabilities	394,590	-	4,215	113
NET ASSETS AVAILABLE FOR BENEFITS	$ 2,214	$113,505	$397,408	$48,543
NUMBER OF UNITS AT DECEMBER 31, 1994			13,478	34,676
VALUE PER UNIT AT DECEMBER 31, 1994			$29.47	$1.40

(Continued on following page)

THE MAY DEPARTMENT STORES COMPANY

PROFIT SHARING PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 1994
(Thousands, except per unit information)

ASSETS	Investment Funds: Common Stock Index	Investment Funds: Fixed Income Index	Distribution Account	Total
INVESTMENTS, at fair value:				
The May Department Stores Company-				
Convertible preferred stock	$ -	$ -	$ -	$ 510,327
Common stock	-	-	-	390,067
Short-term investments	670	991	1,222	59,074
Commingled equity index fund	45,699	-	-	45,699
U.S. government securities	-	25,903	-	25,903
Fixed income investments	-	5,213	-	5,213
Total investments	46,369	32,107	1,222	1,036,283
OTHER ASSETS:				
Receivable (payable) for allocation to member accounts	-	-	-	-
Receivable - employer supplemental contribution	-	-	-	3,247
Dividends and interest receivable	116	589	-	965
Receivables - withholdings of member contributions	55	39	-	343
Interfund receivable (payable)	108	(355)	-	-
Total assets	46,648	32,380	1,222	1,040,838
LIABILITIES				
LIABILITIES:				
Notes payable	-	-	-	389,136
Accrued interest payable	-	-	-	5,454
Net amount payable (receivable) for investment security transactions and other	-	(72)	1,222	4,863
Amounts payable for administrative expenses	103	82	-	800
Total liabilities	103	10	1,222	400,253
NET ASSETS AVAILABLE FOR BENEFITS	$46,545	$32,370	$ -	$ 640,585
NUMBER OF UNITS AT DECEMBER 31, 1994	25,154	21,361		
VALUE PER UNIT AT DECEMBER 31, 1994	$1.85	$1.52		

The accompanying notes are an integral part of this statement.

THE MAY DEPARTMENT STORES COMPANY

PROFIT SHARING PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 1993
(Thousands, except per unit information)

	Investment Funds			
	ESOP Preference			
ASSETS	Unallocated	Member Allocated	May Common Stock	Money Market
INVESTMENTS, at fair value:				
The May Department Stores Company-				
Convertible preferred stock	$522,853	$ 82,973	$ -	$ -
Common stock	-	-	456,877	-
Short-term investments	-	-	3,294	48,501
Commingled equity index fund	-	-	-	-
U.S. government securities	-	-	-	-
Fixed income investments	-	-	-	-
Total investments	522,853	82,973	460,171	48,501
OTHER ASSETS:				
Receivable (payable) for allocation to member accounts	(25,997)	25,997	-	-
Receivable - employer supplemental contribution	-	-	5,888	-
Dividends and interest receivable	-	-	12	136
Receivables - withholdings of member contributions	-	-	379	84
Cash	-	-	-	-
Interfund receivable (payable)	-	(11)	812	(228)
Total assets	496,856	108,959	467,262	48,493
LIABILITIES				
LIABILITIES:				
Notes payable	396,475	-	-	-
Accrued interest payable	5,556	-	-	-
Net amount payable for investment securities transactions and other	-	-	1,264	-
Amounts payable for administrative expenses	-	-	336	90
Total liabilities	402,031	-	1,600	90
NET ASSETS AVAILABLE FOR BENEFITS	$ 94,825	$108,959	$465,662	$48,403
NUMBER OF UNITS AT DECEMBER 31, 1993			13,850	35,889
VALUE PER UNIT AT DECEMBER 31, 1993			$33.61	$1.35

(Continued on following page)

THE MAY DEPARTMENT STORES COMPANY

PROFIT SHARING PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 1993
(Thousands, except per unit information)

ASSETS	Investment Funds: Common Stock Index	Investment Funds: Fixed Income Index	Distribution Account	Total
INVESTMENTS, at fair value:				
The May Department Stores Company-				
Convertible preferred stock	$ -	$ -	$ -	$ 605,826
Common stock	-	-	-	456,877
Short-term investments	480	1,076	1,021	54,372
Commingled equity index fund	42,034	-	-	42,034
U.S. government securities	-	26,133	-	26,133
Fixed income investments	-	5,975	-	5,975
Total investments	42,514	33,184	1,021	1,191,217
OTHER ASSETS:				
Receivable (payable) for allocation to member accounts	-	-	-	-
Receivable - employer supplemental contribution	-	-	-	5,888
Dividends and interest receivable	89	639	-	876
Receivables - withholdings of member contributions	95	64	-	622
Cash	173	-	-	173
Interfund receivable (payable)	(393)	(180)	-	-
Total assets	42,478	33,707	1,021	1,198,776
LIABILITIES				
LIABILITIES:				
Notes payable	-	-	-	396,475
Accrued interest payable	-	-	-	5,556
Net amount payable for investment securities transactions and other	1	-	1,021	2,286
Amounts payable for administrative expenses	73	63	-	562
Total liabilities	74	63	1,021	404,879
NET ASSETS AVAILABLE FOR BENEFITS	$42,404	$33,644	$ -	$ 793,897
NUMBER OF UNITS AT DECEMBER 31, 1993	23,101	21,650		
VALUE PER UNIT AT DECEMBER 31, 1993	$1.84	$1.55		

The accompanying notes are an integral part of this statement.

THE MAY DEPARTMENT STORES COMPANY

PROFIT SHARING PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 1994
(Thousands)

	Investment Funds		
	ESOP Preference		May Common Stock
	Unallocated	Member Allocated	
NET APPRECIATION (DEPRECIATION) IN FAIR VALUE OF INVESTMENTS	$(72,586)	$(12,310)	$(64,360)
INVESTMENT INCOME:			
Dividends	24,028	4,245	11,628
Interest	-	-	161
	24,028	4,245	11,789
CONTRIBUTIONS:			
Member	-	-	41,795
Employer allocation	(23,221)	23,221	-
Employer ESOP contribution	12,094	-	-
Employer supplemental contribution	-	-	3,247
Member interfund transfers	-	(289)	(2,533)
Forfeiture reallocation	-	-	44
	(11,127)	22,932	42,553
DEDUCTIONS:			
Member terminations and withdrawals	-	(10,321)	(56,925)
Interest expense	(32,926)	-	-
Administrative expenses	-	-	(1,311)
	(32,926)	(10,321)	(58,236)
INCREASE (DECREASE) IN NET ASSETS AVAILABLE FOR BENEFITS	(92,611)	4,546	(68,254)
NET ASSETS AVAILABLE FOR BENEFITS AT DECEMBER 31, 1993	94,825	108,959	465,662
NET ASSETS AVAILABLE FOR BENEFITS AT DECEMBER 31, 1994	$ 2,214	$113,505	$397,408

(Continued on following page)

THE MAY DEPARTMENT STORES COMPANY

PROFIT SHARING PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 1994
(Thousands)

	Investment Funds			
	Money Market	Common Stock Index	Fixed Income Index	Total
NET APPRECIATION (DEPRECIATION) IN FAIR VALUE OF INVESTMENTS	$ -	$ (611)	$(2,834)	$(152,701)
INVESTMENT INCOME:				
Dividends	-	1,254	-	41,155
Interest	2,080	26	2,260	4,527
	2,080	1,280	2,260	45,682
CONTRIBUTIONS:				
Member	6,871	8,732	5,474	62,872
Employer allocation	-	-	-	-
Employer ESOP contribution	-	-	-	12,094
Employer supplemental contribution	-	-	-	3,247
Member interfund transfers	3,276	320	(774)	-
Forfeiture reallocation	(34)	(6)	(4)	-
	10,113	9,046	4,696	78,213
DEDUCTIONS:				
Member terminations and withdrawals	(11,718)	(5,274)	(5,148)	(89,386)
Interest expense	-	-	-	(32,926)
Administrative expenses	(335)	(300)	(248)	(2,194)
	(12,053)	(5,574)	(5,396)	(124,506)
INCREASE (DECREASE) IN NET ASSETS AVAILABLE FOR BENEFITS	140	4,141	(1,274)	(153,312)
NET ASSETS AVAILABLE FOR BENEFITS AT DECEMBER 31, 1993	48,403	42,404	33,644	793,897
NET ASSETS AVAILABLE FOR BENEFITS AT DECEMBER 31, 1994	$48,543	$46,545	$32,370	$ 640,585

The accompanying notes are an integral part of this statement.

THE MAY DEPARTMENT STORES COMPANY

PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1994 AND 1993

1. DESCRIPTION OF THE PLAN:

The following description of The May Department Stores Company Profit Sharing Plan (the "Plan") is provided for financial statement purposes only. Members should refer to the Plan document, the Plan prospectus dated June 1, 1990, and the Summary Plan Description dated June 1, 1990, with updates, for more complete information.

General

The Plan is a defined contribution profit sharing plan. The Plan covers eligible associates of The May Department Stores Company ("May") and its subsidiaries and affiliates who are members of The May Department Stores Company Retirement Plan. Participation is voluntary.

Contributions

Effective January 1, 1994, Plan members may contribute 1% to 15% of their annual pay. Contributions may be made prior to federal and certain other income taxes pursuant to Section 401(k) of the Internal Revenue Code.

The employer allocation is variable and discretionary. Generally, the employer allocation for each Plan year is determined by multiplying a base matching rate times members' basic contributions (generally, contributions up to 5% of pay each paycheck), reduced by forfeitures, one-third of annual dividends with respect to the Employee Stock Ownership Plan ("ESOP") Preference Shares, as defined, administrative expenses and excess ESOP allocations from prior Plan years (to the extent such amounts have not been previously used to reduce employer allocations for earlier Plan years).

The base matching rate is determined as follows: In the event May has earnings per share ("EPS") of its common stock for its most recent fiscal year ("current year") resulting in a 6.0% increase over the EPS for the fiscal year immediately preceding the current year, the base matching rate will be 50%. For each percentage point increase over 6.0% or decrease below 6.0%, there is a 1.25 percentage point increase in or decrease from the 50% base matching rate.

ESOP Preference Shares allocated to associates' accounts through application of the base matching rate formula are allocated at their original cost to the Plan of $24.74 per common share equivalent. Because the ESOP Preference Shares are convertible into May common stock, the ESOP Preference Shares are worth more when the market value of May common stock is higher than $24.74 per share. This market value of the employer allocation (including supplemental contributions, if any), divided by associates' matchable contributions, is the effective matching rate.

Effective January 1, 1994, if the effective matching rate exceeds 100%, only ESOP Preference Shares will be used for the employer allocation and no May common shares will be contributed. The effective matching rate will also be limited to 2.5 times the base matching rate. The base matching rate formula may be adjusted at any time for unusual events including discontinued operations, accounting changes, or items of extraordinary gain or loss.

Investments

Members' contributions may be invested in any of four investment funds:

May Common Stock Fund - For investment of contributions in May common stock.

Money Market Fund - For investment of contributions in short-term (less than one year) obligations of high-quality issuers including banks, corporations, municipalities, the U.S. Treasury and other federal agencies.

Common Stock Index Fund - For investment of contributions in the common stock of corporations that make up the Standard & Poor's 500 Stock Index. Investment mix is determined based on the relative market size of the 500 corporations, with larger corporations making up a higher proportion of the fund than smaller corporations. This index represents the composite performance of the 500 major stocks in the United States.

Fixed Income Index Fund - For investment of contributions in corporate, U.S. Government and federal agency securities that make up the Lehman Brothers Intermediate Government/Corporate Bond Index. The securities that comprise this index have maturities ranging from one to 10 years, with an average of four years. (The Lehman Brothers Intermediate Government/Corporate Bond Index represents the composite performance of intermediate-term, fixed income securities.)

As of December 31, 1994, the following number of members had an account balance in the investment funds: 45,573 in the May Common Stock Fund, 17,115 in the Money Market Fund, 16,227 in the Common Stock Index Fund, 12,913 in the Fixed Income Index Fund, and 43,565 in the ESOP Preference Fund (described below).

Employer allocations and supplemental contributions are invested in the ESOP Preference Fund and the May Common Stock Fund, respectively. The employer allocation to the Plan for the year ended December 31, 1994, will be made in May 1995 and will be in the form of (a) 33,390 ESOP Preference Shares (b) a supplemental contribution from May of 89,323 shares of May common stock and (c) a reallocation of forfeited ESOP Preference Shares and May common stock.

ESOP Feature

Effective April 1989, the Plan was amended and restated to add an ESOP feature and acquired 788,955 shares of convertible preferred stock of May (the "ESOP Preference Shares"). Each ESOP Preference Share costs $507, has a guaranteed minimum value of $507 and is convertible into 20.49031 shares of May common stock. The acquisition of the ESOP Preference Shares was financed with the proceeds of a private placement to a group of institutional investors of an aggregate $400 million principal amount (the "ESOP Loans") (see Note 3).

The ESOP Loans are guaranteed by May. The excess of the value of the unallocated ESOP Preference Shares over the principal amount of guaranteed ESOP Loans and accrued interest payable is reflected as Net Assets Available for Benefits in the Statement of Net Assets Available for Benefits as of December 31, 1994 and 1993.

The ESOP Loans are repaid by the Plan from the following sources in the following order: (a) dividends from May on ESOP Preference Shares previously allocated to members; (b) dividends from May on unallocated ESOP Preference Shares; (c) contributions by May; and (d) if so determined by May, supplemental contributions. During the term of the ESOP Loans, the ESOP Preference Shares which have not been allocated to members' company accounts serve as collateral for the ESOP Loans.

ESOP Preference Shares are initially held by the Plan in an Unallocated account. As ESOP Loans are repaid, ESOP Preference Shares are released to a suspense account pending release to the members' company accounts in satisfaction of the employer allocation.

If the guaranteed minimum value of the ESOP Preference Shares allocated to members' company accounts as a result of the ESOP Loan payments (principal and interest) for a year, together with the amount of Plan forfeitures, is less than the employer allocation, then May makes "supplemental" contributions to the Plan to make up the difference. Supplemental contributions are made in either shares of May common stock or cash.

If the guaranteed minimum value of the ESOP Preference Shares released for allocation to members' company accounts as a result of the ESOP Loan payments, together with the amount of Plan forfeitures, is greater than the required employer allocation, any "excess" would be applied to satisfy required employer allocations in future Plan years.

Vesting

The method of calculating vesting service is the elapsed time approach. Elapsed time is measured by calculating the time which has elapsed between the member's hire date and retirement date/termination date (excluding certain break-in-service periods). Generally, Plan members are vested in company accounts in accordance with the following schedule:

Years of Vesting Service	Vesting Percentage
Less than 3 years	0%
3 years	20%
4 years	40%
5 years	60%
6 years	80%
7 years or more	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, disability or termination of employment. Distributions from the May Common Stock Fund and ESOP Preference Fund are made in shares of May common stock if the distribution exceeds 100 shares. All other distributions are generally made in cash. Transfers are made from the investment funds to the Distribution account to fund the Plan's cash distributions.

Administration of Plan

The Plan is administered by a Committee consisting of at least five persons appointed by May. An Administrative Subcommittee has the general responsibility for administration of the Plan and an Investment Subcommittee establishes and monitors investment policies and activities. 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:

Investments

Except for the ESOP Preference Fund, the Plan's investments are stated at fair value, as determined by the Trustee, based on publicly stated price information.

Each ESOP Preference Share is valued at the greater of (a) the guaranteed minimum value (original cost) of $507 per share or (b) a conversion value equal to the market price of May common stock multiplied by the conversion rate of 20.49031 common shares for each ESOP Preference Share. As of December 31, 1994 and 1993, the ESOP Preference Shares were valued at their conversion values of $691.55 and $806.81, respectively.

Federal Income Taxes

The Plan has received a favorable determination letter from the Internal Revenue Service that the Plan meets the requirements of Section 401(a), 401(k) and 4975(e)(7) of the Internal Revenue Code and that the Trust implementing the Plan is exempt from federal income tax under Section 501(a) of the Internal Revenue Code.

Employer allocations and contributions, member before-tax contributions and the income of the Plan are not taxable to the members until distributions or withdrawals are made.

Administrative Expenses

Salaries and related benefits of associates who administer the Plan are provided by May. All other administrative expenses (including the allocable portion of expenses for data processing services provided by May) are paid by the Plan.

Monthly Valuation of the Trust

The unit value of each investment fund is determined by dividing the month-end market value of the particular investment fund by the total number of units outstanding at month-end in all member accounts in such investment fund. As of each succeeding monthly valuation date, the unit 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 at the month-end valuation date. Payments from the ESOP Preference Fund are valued at the greater of the guaranteed minimum value (plus accrued dividends) or conversion value, as of the distribution date.

(b) With respect to any dollar amount contributed or allocated during the month (except for the ESOP Preference Fund), an equivalent number of additional units are credited to the appropriate accounts in such investment fund based on the unit value at the month-end valuation date. Allocations of ESOP Preference Shares are valued at $507 per share.

(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 or ESOP Preference Shares shall be canceled as of the last day of the Plan year. The dollar amount of such forfeited units or ESOP Preference Shares 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 allocation for such year.

3. NOTES PAYABLE:

Notes payable as of December 31 consisted of the following (in thousands):

	1994	1993
ESOP Notes Payable:		
Series A, 8.32%, due April 30, 2001	$185,172	$192,511
Series B, 8.49%, due April 30, 2004	203,964	203,964
	$389,136	$396,475

The scheduled principle payments for the Series A ESOP Note for the next five years and thereafter are as follows: 1995 - $11,105,000; 1996 - $15,474,000; 1997 - $20,228,000; 1998 - $25,385,000; 1999 - $31,118,000; and thereafter - $81,862,000. Principle payments on the Series B ESOP Note begin in 2002. As of December 31, 1994 and 1993, the total fair value of the ESOP Notes was approximately $454,292,000 and $511,751,000, respectively.

4. INVESTMENTS:

The fair market value of the Plan's investments that represent 5% or more of the Plan's Net Assets Available for Benefits as of December 31, 1994 and 1993, are as follows (dollars in thousands):

	December 31, 1994		December 31, 1993	
	Number of Shares	Fair Value	Number of Shares	Fair Value
The May Department Stores Company 7.5% ESOP Preference Stock:				
Unallocated	607,181	$ 419,895	648,053	$ 522,853
Member allocated	130,767	90,432	102,842	82,973
	737,948	510,327	750,895	605,826
The May Department Stores Company Common Stock	11,557,547	390,067	11,603,222	456,877
The Bank of New York Short-Term Investment Fund - Master Notes	59,074,668	59,074	54,371,444	54,372
Chase Investors Commingled Equity Index fund	101,310	45,699	91,826	42,034
Total		$1,005,167		$1,159,109

5. RECONCILIATION TO FORM 5500:

As of December 31, 1994 and 1993, the Plan had approximately $12,148,000 and $14,372,000, respectively, of pending distributions to participants. These amounts are included in Net Assets Available for Benefits. For reporting on the Plan's Form 5500 Annual Report, 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 year ended December 31, 1994 (thousands):

	Benefits Payable to Participants	Benefits Paid	Net Assets Available for Benefits
Per financial statements	$ -	$89,386	$640,585
Pending benefit distributions - December 31, 1994	12,148	12,148	(12,148)
Pending benefit distributions - December 31, 1993	-	(14,372)	-
Per Form 5500	$12,148	$87,162	$628,437

6. DISTRIBUTION OF ASSETS UPON TERMINATION OF PLAN:

May 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 May 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 May 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

EMPLOYER #: 43-0398035

PLAN #: 003

ITEM 27(a): SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES

DECEMBER 31, 1994

(a)	(b) Identity of Issue	(c) Number of Shares or Principal Amount	(d) Cost (Thousands)	(e) Fair Value (Thousands)
	ESOP PREFERENCE FUND			
*	The May Department Stores Company 7.5% ESOP Preference Stock:			
	Unallocated	607,181	$307,840	$ 419,895
	Member allocated	130,767	66,299	90,432
	ESOP Preference Fund Total		$374,139	$ 510,327
	MAY COMMON STOCK FUND			
*	The May Department Stores Company Common Stock	11,557,547	$214,050	$ 390,067
*	The Bank of New York Short-Term Investment Fund- Master Notes	$ 7,474,730	7,475	7,475
	May Common Stock Fund Total		$221,525	$ 397,542
	MONEY MARKET FUND			
*	The Bank of New York Short-Term Investment Fund- Master Notes	$48,715,752	$ 48,716	$ 48,716
	COMMON STOCK INDEX FUND			
	Chase Investors Commingled Equity Index Fund	101,310	$ 35,401	$ 45,699
*	The Bank of New York Short-Term Investment Fund- Master Notes	$ 670,376	670	670
	Common Stock Index Fund Total		$ 36,071	$ 46,369
	FIXED INCOME INDEX FUND			
*	The Bank of New York Short-Term Investment Fund- Master Notes	$ 991,337	$ 991	$ 991

* Also a party-in-interest.

(a)	(b) Identity of Issue	(c) Principal Amount	(d) Cost (Thousands)	(e) Fair Value (Thousands)
	FIXED INCOME INDEX FUND (Continued)			
	U.S. Government Securities			
	U.S. Treasury Notes:			
	5.625%, due 8/31/97	$4,100,000	$ 4,114	$ 3,889
	6.5%, due 4/30/99	$3,400,000	3,338	3,231
	7.875%, due 7/15/96	$2,500,000	2,651	2,510
	7.875%, due 2/15/96	$1,900,000	2,017	1,908
	5.125%, due 12/31/98	$2,000,000	1,877	1,816
	7.5%, due 5/15/02	$1,500,000	1,631	1,472
	5.875%, due 2/15/04	$1,500,000	1,325	1,308
	7.25%, due 11/15/96	$1,200,000	1,175	1,191
	9%, due 5/15/98	$1,000,000	1,120	1,034
	6.25%, due 2/15/03	$1,000,000	1,042	904
	Strip, due 11/15/96	$1,000,000	872	868
	7.125%, due 9/30/99	$ 800,000	783	777
	5.125%, due 6/30/98	$ 800,000	792	735
	8.75%, due 8/15/00	$ 700,000	829	729
	Total U.S. treasury notes		23,566	22,372
	U.S. Government Agency Securities:			
	Federal Home Loan Bank Consumer Bonds-			
	7.7%, due 8/26/96	$ 650,000	695	648
	10.3%, due 7/25/95	$ 150,000	157	153
	8%, due 7/25/96	$ 150,000	139	150
	Federal Home Loan Mortgage Corporation-			
	6.22%, due 3/24/03	$ 200,000	182	176
	Federal National Mortgage Association Securities-			
	10.6%, due 11/10/95	$ 400,000	424	410
	8.35%, due 11/10/99	$ 400,000	410	405
	11.7%, due 5/10/95	$ 310,000	344	315
	8%, due 7/10/96	$ 200,000	191	200
	Debentures-			
	9.55%, due 12/10/97	$ 400,000	407	416
	International Bank for Recon & Dev BD-			
	5.875%, due 7/16/97	$ 400,000	402	380
	Tennessee Valley Authority, Power Bond 1992 Series F, 6.875%, due 8/1/02	$ 300,000	310	278
	Total U.S. government agency securities		3,661	3,531
	Total U.S. government securities		27,227	25,903

(a)	(b) Identity of Issue	(c) Principal Amount	(d) Cost (Thousands)	(e) Fair Value (Thousands)
	FIXED INCOME INDEX FUND (Continued)			
	Fixed Income Investments			
	Bank Corporate Bonds:			
	Bank America Corporation, 7.75%, due 7/15/02	$ 400,000	$ 408	$ 380
	Republic NY Corporation, 7.25%, due 7/15/02	$ 100,000	98	93
	Total bank corporate bonds		506	473
	Finance and Insurance Corporate Bonds:			
	American Express Company, 8.5%, due 8/15/01	$ 200,000	201	203
	Commercial Credit Corporation, 8.125%, due 3/1/97	$ 200,000	179	200
	Ford Motor Credit Co., 6.25%, due 2/26/98	$ 500,000	506	471
	Total finance and insurance corporate bonds		886	874
	Industrial Corporate Bonds:			
	Coca Cola Company, 7.875%, due 9/15/98	$ 300,000	305	297
	Eli Lilly & Co., 8.125%, due 12/1/01	$ 200,000	199	198
	Hertz Corporation Jr Sub NT, 7.0%, due 7/15/03	$ 350,000	354	309
	Hertz Corporation, 6.0%, due 2/1/01	$ 200,000	191	177
	Philip Morris Companies, Inc., 8,625% due 3/1/99	$ 300,000	297	300
	The Limited, Inc., 7.8%, due 5/15/02	$ 400,000	396	386
	Total industrial corporate bonds		1,742	1,667
	Oil Corporate Bond:			
	Tenneco Inc., 7.875%, due 10/1/02	$ 300,000	298	285
	Telephone Corporate Bond:			
	Northern Telcom Ltd., 8.25%, due 6/13/96	$ 300,000	303	300
	Utilities Corporate Bonds:			
	Consolidated Edison Company of New York, 1st and Refunding Mortgage Note, 5.9%, due 12/15/96	$ 300,000	282	288
	Duke Power Company, 1st and Refunding Mortgage Note, 7%, due 6/1/00	$ 195,000	203	184
	General Electric Cap Corp., 8.85%, due 4/1/05	$ 400,000	485	414
	Total utilities corporate bonds		970	886

(a)	(b) Identity of Issue	(c) Principal Amount	(d) Cost (Thousands)	(e) Fair Value (Thousands)
	FIXED INCOME INDEX FUND (Continued)			
	Foreign Obligations:			
	Denmark Kingdom Note, 7.75%, due 12/15/96	$ 200,000	$ 193	$ 199
	Finland Rep NT, 7.875%, due 7/28/04	$ 150,000	150	145
	Hydro-Quebec Debenture, Series IF, 7.375%, due 2/1/03	$ 200,000	215	187
	Province of Ontario, Canada Debenture, 8%, due 10/17/01	$ 200,000	200	197
	Total foreign obligations		758	728
	Total fixed income investments		5,463	5,213
	Fixed Income Index Fund Total		$ 33,681	$ 32,107
	DISTRIBUTION ACCOUNT			
*	The Bank of New York Short-Term Investment Fund- Master Notes	$1,222,473	$ 1,222	$ 1,222
	TOTAL ASSETS HELD FOR INVESTMENT PURPOSES AT DECEMBER 31, 1994		$715,354	$1,036,283

* Also a party-in-interest.

THE MAY DEPARTMENT STORES COMPANY

PROFIT SHARING PLAN

ITEM 27(d): SCHEDULE OF REPORTABLE TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 1994
(Thousands, except number of transactions)

	Purchases		Sales			
	No. of Trans.	Cost	No. of Trans.	Cost	Sales Price	Gain or (Loss)
The Bank of New York Short-Term Investment Fund-Master Notes (1)	281	$91,411	202	$86,709	$86,709	$ -
The May Department Stores Company Common Stock (1) (2)	48	43,592	39	26,610	56,646	30,036
		$135,003		$113,319	$143,355	$30,036

(1) Also a party-in-interest.
(2) Includes conversion of ESOP Preference Shares.

EXHIBIT

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report on The May Department Stores Company Profit Sharing Plan financial statements included in this Form 11-K, into the Company's previously filed Registration Statements on Form S-8 Files No. 33-26016, 33-38104 and 33-51849.

ARTHUR ANDERSEN LLP

St. Louis, Missouri,
April 17, 1995

</TEXT>
</DOCUMENT>