



# FORM 10-K

## MAY DEPARTMENT STORES CO - MAY

Exhibit:

**Filed: April 24, 1996 (period: February 03, 1996)**

Annual report which provides a comprehensive overview of the company for the past year

## PART I

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

(Mark one)

ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended February 3, 1996

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: None

(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. [ ]

Aggregate market value of registrant's common stock held by non-affiliates as of April 6, 1996: \$11,766,877,745

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:  
249,837,522 shares of common stock, \$.50 par value, as of April 6, 1996.

Documents incorporated by reference:

1. Portions of Registrant's 1995 Annual Report to Shareowners are incorporated into Parts I and II.
2. Portions of Registrant's 1996 Proxy Statement, dated April 22, 1996, 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 1995, registrant operated 346 department stores in 30 states and the District of Columbia. The department store companies and their headquarters are: Lord & Taylor, New York City; Hecht's, Washington, D.C.; Foley's, Houston; Robinsons-May, Los Angeles; Kaufmann's, Pittsburgh; Filene's, Boston; Famous-Barr, St. Louis; and Meier & Frank, Portland, Ore.

In addition, registrant operates Payless ShoeSource, Inc., headquartered in Topeka, Kan. On January 17, 1996, registrant announced the spin-off of Payless ShoeSource, Inc. as a tax-free distribution to shareowners. The distribution will be effective May 4, 1996. At fiscal 1995 year-end, 4,549 stores were operated in 49 states, the District of Columbia, Puerto Rico and the Virgin Islands.

Registrant employs approximately 61,000 full-time and 69,000 part-time associates in 49 states, the District of Columbia, Puerto Rico, the Virgin Islands and eight offices overseas. Approximately 24,000 are employees of Payless ShoeSource, Inc.

The following portions of registrant's 1995 Annual Report to Shareowners are incorporated herein by reference: Management's Discussion and Analysis (pages 12-16).

April 4, 1996 the registrant announced that it will acquire 13 Strawbridge & Clothier stores in the greater Philadelphia area in a transaction expected to close in July, 1996, subject to customary conditions, including approval by Strawbridge and Co. ("Strawbridge") shareowners and other regulatory approvals. The Strawbridge department store assets will be acquired in exchange for approximately 4.2 million shares of the registrant's common stock and the assumption of debt and certain other liabilities. The registrant has also agreed to issue additional shares of its common stock in exchange for any cash proceeds from Strawbridge's divestiture of its Clover discount division, net of certain transaction expenses. The asset acquisition will be accounted for as a purchase and funded principally with stock that the registrant intends to repurchase in the open market from time to time as market conditions allow.

A. Property Ownership

(i) Department Stores

The following summarizes the property ownership of department stores at February 3, 1996:

	Number of Stores	% of Gross Building Sq. Footage
Entirely or mostly owned*	190	59%
Entirely or mostly leased	94	26
Owned on leased land*	62	15
	346	100%

\* Includes a total of 19 department stores subject to financing.

(ii) Payless ShoeSource, Inc.

Payless ShoeSource, Inc. 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 February 3, 1996, 54.5% of the total sales of registrant's department stores were made through registrant's credit plans. All sales of Payless ShoeSource, Inc. are made either for cash or through third-party credit cards.

In 1991, registrant formed May National Bank of Arizona (MBA) and May National Bank of Ohio (MBO), which are indirectly wholly owned and consolidated subsidiaries of registrant.

During the last fiscal year, MBA and MBO extended credit to certain customers of registrant's Robinsons-May, Kaufmann's, Famous-Barr and Meier & Frank department stores companies. Throughout 1995, 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, Inc. 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 24, 1996) 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	62	Chairman and Chief Executive Officer
Thomas A. Hays	63	Deputy Chairman
Jerome T. Loeb	55	President and Chief Financial Officer
Richard L. Battram	61	Executive Vice Chairman
Eugene S. Kahn	46	Vice Chairman
Anthony J. Torcasio	50	President and Chief Executive Officer, May Merchandising Company
Louis J. Garr, Jr.	56	Executive Vice President and General Counsel
R. Dean Wolfe	52	Executive Vice President
William D. Edkins	43	Senior Vice President
Lonny J. Jay	54	Senior Vice President
Jan R. Kniffen	47	Senior Vice President
Richard A. Brickson	48	Secretary and Senior Counsel
Martin M. Doerr	41	Vice President
Andrew T. Hall	35	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. Mr. Hays announced his retirement effective April 30, 1996, at which time Mr. Loeb will assume Mr. Hays' responsibilities. On April 22, 1996 registrant announced the appointment of Mr. John L. Dunham as executive vice president and chief financial officer, effective May 1, 1996. On February 16, 1996 registrant announced the appointment of Mr. Kahn as vice chairman. At the same time, registrant named both Mr. Kahn and Mr. Torcasio as members of the registrant's Board of Directors. 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. Kahn served as president of the former G. Fox division from 1990 to 1992 and as president and chief executive officer of Filene's from 1992 to March, 1996 when he became vice chairman. Mr. Torcasio served as president and chief executive officer of the former L.S. Ayres division from 1988 to 1991 and as president and chief executive officer of Famous-Barr from 1991 to 1993 when he became president and chief executive officer of May Merchandising Company and became an executive officer of registrant. 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

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 February 3, 1996.

PART II

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

Common Stock Dividends and Market Prices (page 16) of registrant's 1995 Annual Report to Shareowners are incorporated herein by reference.

Item 6. Selected Financial Data

The Eleven Year Financial Summary (pages 28 and 29) of registrant's 1995 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 12-16) and Notes to Consolidated Financial Statements (pages 21-27) of registrant's 1995 Annual Report to Shareowners are incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data

Consolidated Financial Statements (pages 17-20), Notes to Consolidated Financial Statements (pages 21-27) and Report of Independent Public Accountants (page 30) of registrant's 1995 Annual Report to Shareowners are incorporated herein by reference.

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)					1995
Quarter	First	Second	Third	Fourth	Year
Revenues	\$ 2,218	\$ 2,325	\$ 2,569	\$ 3,840	\$ 10,952
Cost of sales	\$ 1,543	\$ 1,625	\$ 1,798	\$ 2,495	\$ 7,461
Net Earnings:					
Continuing operations	\$ 87	\$ 107	\$ 110	\$ 396	\$ 700
Discontinued operation	27	34	25	(31)	55
Impact of spin-off of discontinued operation	-	-	-	-	-
Before extraordinary loss	114	141	135	365	755
Extraordinary loss related to early extinguishment of debt	-	-	-	(3)	(3)
Net Earnings	114	141	135	362	752
Primary earnings per share:					
Continuing operations	\$ 0.33	\$ 0.41	\$ 0.42	\$ 1.57	\$ 2.73
Discontinued operation	0.11	0.14	0.10	(0.13)	0.22
Impact of spin-off of discontinued operation	-	-	-	-	-
Before extraordinary loss	0.44	0.55	0.52	1.44	2.95
Extraordinary loss related to early extinguishment of debt	-	-	-	(0.01)	(0.01)
Primary earnings per share	0.44	0.55	0.52	1.43	2.94
Fully diluted earnings per share:					
Continuing operations	\$ 0.32	\$ 0.40	\$ 0.41	\$ 1.48	\$ 2.61
Discontinued operation	0.10	0.13	0.09	(0.11)	0.21
Impact of spin-off of discontinued operation	-	-	-	-	-
Before extraordinary loss	0.42	0.53	0.50	1.37	2.82
Extraordinary loss related to early extinguishment of debt	-	-	-	(0.01)	(0.01)
Fully Diluted Earnings Per Share	\$ 0.42	\$ 0.53	\$ 0.50	\$ 1.36	\$ 2.81

(millions, except per share)						1994
Quarter	First	Second	Third	Fourth		Year
Revenues	\$ 2,105	\$ 2,162	\$ 2,404	\$ 3,436	\$	10,107
Cost of sales	\$ 1,463	\$ 1,510	\$ 1,679	\$ 2,227	\$	6,879
Net Earnings:						
Continuing operations	\$ 77	\$ 93	\$ 105	\$ 375	\$	650
Discontinued operation	35	37	34	26		132
Impact of spin-off of discontinued operation	-	-	-	-		-
Before extraordinary loss	112	130	139	401		782
Extraordinary loss related to early extinguishment of debt	-	-	-	-		-
Net Earnings	112	130	139	401		782
Primary earnings per share:						
Continuing operations	\$ 0.29	\$ 0.35	\$ 0.40	\$ 1.49	\$	2.53
Discontinued operation	0.14	0.15	0.14	0.10		0.53
Impact of spin-off of discontinued operation	-	-	-	-		-
Before extraordinary loss	0.43	0.50	0.54	1.59		3.06
Extraordinary loss related to early extinguishment of debt	-	-	-	-		-
Primary earnings per share	0.43	0.50	0.54	1.59		3.06
Fully diluted earnings per share:						
Continuing operations	\$ 0.28	\$ 0.35	\$ 0.38	\$ 1.42	\$	2.43
Discontinued operation	0.13	0.14	0.13	0.09		0.49
Impact of spin-off of discontinued operation	-	-	-	-		-
Before extraordinary loss	0.41	0.49	0.51	1.51		2.92
Extraordinary loss related to early extinguishment of debt	-	-	-	-		-
Fully Diluted Earnings Per Share	\$ 0.41	\$ 0.49	\$ 0.51	\$ 1.51	\$	2.92

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 22, 1996, 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 1995 Annual Report to Shareowners (Exhibit 13):

	Page in Annual Report
Financial Statements-	
Consolidated Statement of Earnings for the three fiscal years ended February 3, 1996	17
Consolidated Balance Sheet - February 3, 1996, and January 28, 1995	18
Consolidated Statement of Cash Flows for the three fiscal years ended February 3, 1996	19
Consolidated Statement of Shareowners' Equity for the three fiscal years ended February 3, 1996	20
Notes to Consolidated Financial Statements	21-27
Report of Independent Public Accountants	30

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| (2) Supplemental Financial Statement Schedule (for the three fiscal years ended February 3, 1996): |                        |
| Report of Independent Public Accountants on Schedule II  | 12                     |
| II Valuation and Qualifying Accounts   | 13                     |

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	Incorporated by Reference to Exhibit 4(b) of Form S-8, filed April 1, 1996.
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 1995 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 12 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, 1995	Filed herewith.

(4) Reports on Form 8-K

A report dated January 17, 1996 which contained a release announcing the registrant's intent to spin-off Payless ShoeSource, Inc., its chain of self-service family shoe stores, to the registrant's shareowners in a tax-free distribution expected to be completed in late Spring 1996.

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 24, 1996

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 24, 1996	/s/ David C. Farrell David C. Farrell	Director, Chairman and Chief Executive Officer
Principal Financial and Accounting Officer:		
April 24, 1996	/s/ Jerome T. Loeb Jerome T. Loeb	Director, President and Chief Financial Officer
Directors:		
April 24, 1996	/s/ Thomas A. Hays Thomas A. Hays	Director and Deputy Chairman
April 24, 1996	/s/ Richard L. Battram Richard L. Battram	Director and Executive Vice Chairman

Date	/s/	Signature	Title
April 24, 1996	/s/	Eugene S. Kahn Eugene S. Kahn	Director and Vice Chairman
April 24, 1996	/s/	Anthony J. Torcasio Anthony J. Torcasio	Director, President and Chief Executive Officer, May Merchandising Company
April 24, 1996	/s/	Helene L. Kaplan Helene L. Kaplan	Director
April 24, 1996	/s/	Edward H. Meyer Edward H. Meyer	Director
April 24, 1996	/s/	Russell E. Palmer Russell E. Palmer	Director
April 24, 1996	/s/	Andrall E. Pearson Andrall E. Pearson	Director
April 24, 1996	/s/	Michael R. Quinlan Michael R. Quinlan	Director
April 24, 1996	/s/	William P. Stiritz William P. Stiritz	Director
April 24, 1996	/s/	Robert D. Storey Robert D. Storey	Director
April 24, 1996	/s/	Murray L. Weidenbaum Murray L. Weidenbaum	Director
April 24, 1996	/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 26, 1996. 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 26, 1996

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 February 3, 1996 into the Company's previously filed Registration Statements on Form S-3 (No. 33-38585, 33-46021, 33-55255 and 33-62075) and Form S-8 (No. 33-26016, 33-38104, 33-51849, 33-58985 and 333-00957).

ARTHUR ANDERSEN LLP  
1010 Market Street  
St. Louis, Missouri 63101-2089  
April 24, 1996

THE MAY DEPARTMENT STORES COMPANY AND SUBSIDIARIES  
 VALUATION AND QUALIFYING ACCOUNTS  
 FOR THE THREE FISCAL YEARS ENDED February 3, 1996

(Millions)

	Balance beginning of period	Charges to costs and expenses	Deductions (a)	Balance end of period
FISCAL YEAR ENDED FEBRUARY 3, 1996				
Allowance for doubtful accounts	\$ 78	\$ 88	\$ (82)	\$ 84
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

(a) Write-off of accounts determined to be uncollectible, net of recoveries of \$24 million in 1995, \$23 million in 1994 and \$22 million in 1993.

## 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 Funding, Inc.	Nevada
Payless Holdings, Inc.	Delaware
Payless ShoeSource, Inc.	Missouri

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## Exhibit 11

THE MAY DEPARTMENT STORES COMPANY  
COMPUTATION OF NET EARNINGS PER SHARE  
FOR THE THREE FISCAL YEARS ENDED FEBRUARY 3, 1996

(millions, except per share)	1995	1994	1993
Net earnings from continuing operations	\$ 700	\$ 650	\$ 578
ESOP Preferred Dividends, net of tax benefit on unallocated shares	(19)	(19)	(19)
Preferred Dividend requirements	-	-	-
Net earnings available for common shareowners:			
Continuing operations	681	631	559
Discontinued operation	55	132	133
Extraordinary loss	(3)	-	-
Total net earnings available for common shareowners	\$ 733	\$ 763	\$ 692
Average common shares outstanding	248.9	248.4	248.4
Net earnings per share:			
Continuing operations	\$ 2.73	\$ 2.54	\$ 2.25
Discontinued operation	0.22	0.53	0.54
Extraordinary loss	(0.01)	-	-
Total net earnings per share	\$ 2.94	\$ 3.07	\$ 2.79
Primary Computation:			
Net earnings available from continuing operations	\$ 681	\$ 631	\$ 559
Deferred comp. dividend adjustment	1	1	1
Adjusted net earnings available:			
Continuing operations	682	632	560
Discontinued operation	55	132	133
Extraordinary loss	(3)	-	-
Total adjusted net earnings available:	\$ 734	\$ 764	\$ 693
Average common shares outstanding	248.9	248.4	248.4
Common share equivalents (CSE's)	1.0	1.2	1.5
Average common stock and CSE's	249.9	249.6	249.9
Primary earnings per share:			
Continuing operations	\$ 2.73	\$ 2.53	\$ 2.24
Discontinued operation	0.22	0.53	0.53
Extraordinary loss	(0.01)	-	-
Total Primary Earnings per share	\$ 2.94	\$ 3.06	\$ 2.77

THE MAY DEPARTMENT STORES COMPANY  
COMPUTATION OF NET EARNINGS PER SHARE  
FOR THE THREE FISCAL YEARS ENDED FEBRUARY 3, 1996

(millions, except per share)	1995	1994	1993
Fully Diluted Computation:			
Adjusted net earnings available from continuing operations-PRIMARY	\$ 682	\$ 632	\$ 560
Earnings impact of assumed conversion of ESOP Preference Shares, net of tax benefit on unallocated common shares	11	10	9
Adjusted net earnings available-FULLY DILUTED:			
Continuing operations	693	642	569
Discontinued operation	55	132	133
Extraordinary loss	(3)	-	-
Total adjusted net earnings available-FULLY DILUTED:	\$ 745	\$ 774	\$ 702
Average common shares and CSE's	249.9	249.6	249.9
Additional CSE's attributable to treasury stock method	0.4	-	0.1
ESOP Preference Shares	15.0	15.3	15.5
Average Common Shares Outstanding on fully diluted basis	265.3	264.9	265.5
Fully Diluted earnings per share:			
Continuing operations	\$ 2.61	\$ 2.43	\$ 2.15
Discontinued operation	0.21	0.49	0.50
Extraordinary loss	(0.01)	-	-
Total Fully Diluted Earnings per share	\$ 2.81	\$ 2.92	\$ 2.65

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THE MAY DEPARTMENT STORES COMPANY AND SUBSIDIARIES  
 COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES  
 FOR THE FIVE FISCAL YEARS ENDED FEBRUARY 3, 1996

	Feb. 3, 1996	Fiscal Year Ended			Feb. 1, 1992
		Jan. 28, 1995	Jan. 29, 1994	Jan. 30, 1993	
Earnings Available for Fixed Charges:					
Pretax earnings from continuing operations	\$ 1,160	\$ 1,079	\$ 957	\$ 579	\$ 617
Fixed charges (excluding interest capitalized and pretax preferred stock dividend requirements)	317	293	305	361	409
Dividends on ESOP Preference Shares	(28)	(28)	(28)	(29)	(29)
Capitalized interest amortization	5	4	4	3	3
	1,454	1,348	1,238	914	1,000
Fixed Charges:					
Gross interest expense (a)	\$ 316	\$ 289	\$ 295	\$ 338	\$ 384
Interest factor attributable to rent expense	20	19	20	24	29
Other (b)	-	-	-	5	8
	336	308	315	367	421
Ratio of Earnings to Fixed Charges	4.3	4.4	3.9	2.5	2.4

(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.

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[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 - 16.]

## MANAGEMENT'S DISCUSSION AND ANALYSIS

May achieved its 21st consecutive year of record sales and earnings per share from continuing operations. Our five-year compound growth rate for earnings per share from continuing operations was 11.6% - among the best in the retail industry.

In January 1996, May announced the spin-off of Payless ShoeSource, Inc., our family shoe store subsidiary, as a tax-free distribution to shareowners. As a result, Payless is being reported as a discontinued operation. The spin-off is targeted for May 1996.

Sales in 1995 were \$10.5 billion, an increase of 7.7% over 1994 sales of \$9.8 billion. The sales increase over last year was achieved during a period of deflation for department store prices. It reflects the benefit of new store openings and an increase in store-for-store sales of 2.5%. Store-for-store sales increases for the first through fourth quarters in 1995 were 2.4%, 5.0%, 1.5% and 1.9%, respectively.

We achieved \$2.61 in earnings per share from continuing operations in 1995, a 7.4% increase over last year's \$2.43. Net earnings from continuing operations totaled \$700 million, compared with \$650 million last year. Return on revenues was 6.4% in 1995 and 1994. Return on equity was 20.8% in 1995 (computed as net earnings from continuing operations divided by beginning shareowners' equity adjusted for the impact of the Payless spin-off). This was May's sixth consecutive year with a return on equity over 20%. Return on continuing operations' net assets was 20.1% in 1995 and 1994.

We opened 37 department stores during 1995, adding 6.3 million square feet of retail space. Four of these stores were Lord & Taylor locations, in King of Prussia, Pa.; Raleigh, N.C.; Schaumburg, Ill.; and Victor, N.Y. Hecht's opened 18 locations, 14 of which were acquired Wanamakers stores. These include 13 Pennsylvania locations, in downtown Philadelphia, northeast Philadelphia, Wynnewood, Jenkintown, King of Prussia, Reading, Langhorne, Springfield, North Wales, Whitehall, Camp Hill, York and Harrisburg; two New Jersey locations, in Moorestown and Bedford; one Maryland location in Chevy Chase; one Delaware location in Newark; and one North Carolina location in Raleigh. Kaufmann's opened four Pennsylvania stores, in Altoona, Scranton, Wilkes-Barre and Muncy; and three New York locations, in Horseheads, New Hartford and Rochester. Two stores were Foley's locations, in Austin and Temple, Tex. Robinsons-May reopened one location in Los Angeles, Calif., that had been damaged by the January 1994 earthquake. Filene's opened four stores, in Holyoke, Mass.; Stamford, Conn.; and in Kingston and Schenectady, N.Y.; Famous-Barr opened one store in St. Louis. In addition, we remodeled 12 department stores in 1995, totaling 845,000 retail square feet, and expanded eight of these stores by 290,000 square feet. At fiscal year-end, May operated 346 department stores in 30 states and the District of Columbia.

Five department stores were closed during the year, resulting in a net increase of 32 department stores and 5.4 million square feet of retail space. This is the second consecutive year of significant store openings following 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.

Our expansion program for 1996 includes 15 new department stores, which will add 2.3 million square feet of retail space. In 1996, the company plans to remodel 13 department stores totaling 1.4 million square feet of retail space, and to expand eight of these stores by a total of 150,000 square feet. The 1996-2000 expansion plan will add 115 new department stores totaling 18.9 million retail square feet. 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 \$570 million to remodel existing stores. These are the major components of a \$3.7 billion capital plan.

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Net retail sales from continuing operations (in billions)	\$4.0	\$4.4	\$4.8	\$6.2	\$7.0	\$7.5	\$7.9	\$8.4	\$9.0	\$9.8	\$10.5

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Earnings per share from continuing operations	\$0.75	\$0.83	\$1.03	\$1.23	\$1.50	\$1.51	\$1.52	\$1.76	\$2.15	\$2.43	\$2.61

REVIEW OF OPERATIONS

Net earnings from continuing operations totaled \$700 million in 1995, compared with \$650 million in 1994 and \$578 million in 1993. Return on revenues was 6.4% in 1995, compared with 6.4% in 1994 and 6.0% in 1993. Fully diluted earnings per share from continuing operations reached \$2.61 in 1995, compared with \$2.43 in 1994 and \$2.15 in 1993.

Results of continuing operations for the past three years were as follows:

(dollars in millions, except per share)	1995		1994		1993	
	\$	Percent of Revenues	\$	Percent of Revenues	\$	Percent of Revenues
Net Retail Sales Revenues	\$10,507		\$ 9,759		\$9,020	
Revenues	\$10,952	100.0%	\$10,107	100.0%	\$9,562	100.0%
Cost of sales	7,461	68.1	6,879	68.1	6,537	68.4
Selling, general and administrative expenses	2,081	19.0	1,916	18.9	1,824	19.1
Interest expense, net	250	2.3	233	2.3	244	2.5
Earnings before income taxes	1,160	10.6	1,079	10.7	957	10.0
Provision for income taxes*	460	39.7	429	39.7	379	39.6
Net Earnings	\$ 700	6.4%	\$ 650	6.4%	\$ 578	6.0%
Fully Diluted Earnings per Share	\$ 2.61		\$ 2.43		\$ 2.15	

\* Percent of Revenues column represents effective income tax rate.

Fiscal 1995 included 53 weeks. The additional week did not materially affect 1995 earnings. All net retail sales information in this Review of Operations is presented on a 52-week basis for comparability.

Earnings before interest and taxes (EBIT) for the past three years were as follows:

(dollars in millions)	1995	1994	1993	Increase	
				1995	1994
Operating earnings	1,410	1,312	1,201	7.5%	9.3%
Percent of revenues	12.9%	13.0%	12.6%		

EBIT presented above include a LIFO credit of \$53 and \$46 million in 1995 and 1994, respectively, and a charge of \$7 million in 1993.

EBIT, excluding LIFO, is presented below on a supplementary basis for comparative purposes:

(dollars in millions)	1995	1994	1993	Increase	
				1995	1994
Operating earnings	\$1,357	1,266	\$1,208	7.2%	4.8%
Percent of revenues	12.4%	12.5%	12.6%		

May's 346 quality department stores are operated by eight regional 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.

The table below summarizes net retail sales, sales per square foot, building area square footage, and number of stores for each store company:

	Net Retail Sales in Millions of Dollars		Sales per Square Foot		Building Area Square Footage in Thousands		1995	New	Number of Stores	
	1995	1994	1995	1994	1995	1994			Closed	1994
	Lord & Taylor, New York City	\$ 1,586	\$1,451	\$233	\$226	7,131			6,811	57
Hecht's, Washington, D.C.	1,661	1,423	207	212	10,455	6,959	62	18	1	45
Foley's, Houston	1,693	1,633	180	181	9,896	9,583	51	2	-	49

Robinsons-May, Los Angeles	1,562	1,494	170	171	9,568	9,527	53	1	-	52
Kaufmann's, Pittsburgh	1,394	1,302	201	198	7,747	6,908	46	7	1	40
Filene's, Boston	1,261	1,162	236	239	5,884	5,320	39	4	1	36
Famous-Barr, St. Louis	983	947	201	193	5,189	5,099	30	1	1	30
Meier & Frank, Portland, Ore.	367	347	213	204	1,770	1,770	8	-	-	8
Total	\$10,507	\$9,759	\$201	\$200	57,640	51,977	346	37	5	314
<FN>										

Net retail sales represent sales of stores open at the end of 1995.  
Sales per square foot are calculated from revenues and average gross retail square footage.

Building area represents gross retail square footage of stores open at the end of the period presented.

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Dividends per common share (year-end rate)	\$0.47	\$0.52	\$0.57	\$0.64	\$0.71	\$0.79	\$0.81	\$0.83	\$0.92	\$1.04	\$1.14

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Sales per square foot	\$123	\$138	\$143	\$158	\$168	\$172	\$171	\$179	\$191	\$200	\$201

Net Retail Sales.

Net retail sales (see page 21 for definition) increases for 1995 and 1994 were as follows:

1995 vs. 1994		1994 vs. 1993		Five-Year
Total	Store-for-Store	Total	Store-for-Store	Compound Growth Rate
7.7%	2.5%	8.2%	5.4%	7.0%

The total sales increase for 1995 reflect the opening of 37 new department stores and a 2.5% store-for-store increase. The total sales increase for 1994 include the results of 19 new department stores and a 5.4% store-for-store increase.

Sales per square foot were as follows:

1995	1994	1993	1990	1995 vs. 1994 Increase	Five-Year Compound Growth Rate
\$201	\$200	\$191	\$172	0.7%	3.1%

Sales include leased and licensed department sales of \$311 million, \$290 million and \$313 million in 1995, 1994 and 1993, respectively. Revenues include finance charge revenues of \$340 million, \$334 million and \$330 million in 1995, 1994 and 1993, respectively. The low finance charge revenue growth rate over the last two years reflects increased 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 \$7.46 billion in 1995, compared with \$6.88 billion in 1994, an 8.5% increase. The overall increase resulted from an 8.4% increase in revenues. As a percent of revenues, cost of sales remained constant between 1995 and 1994 at 68.1%. A slight decline in merchandise gross margin was offset by a decrease in the occupancy rate and an increase in the LIFO credit.

Cost of sales was \$6.88 billion in 1994, compared with \$6.54 billion in 1993, a 5.2% increase. The overall increase of 5.2% resulted from a 5.7% increase in revenues, offset by a lower cost of sales rate. As a percent of revenues, cost of sales was 68.1% in 1994, compared with 68.4% in 1993. The lower 1994 percent compared with 1993 was due to a LIFO credit of \$46 million in 1994 compared with a charge of \$7 million in 1993 and a slightly lower buying expense rate, partially offset by a small decline in merchandise gross margin.

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

	1995	1994	1993
Cost of sales	68.1%	68.1%	68.4%
LIFO charge (credit)	(0.5)	(0.4)	0.1
Cost of sales before LIFO	68.6%	68.5%	68.3%

Selling, General and Administrative Expenses. Selling, general and administrative expenses were \$2.08 billion in 1995, compared with \$1.92 billion in 1994, an 8.6% increase. The overall increase was due to an 8.4% increase in revenues. As a percent of revenues, selling, general and administrative expenses increased 0.1% to 19.0% in 1995, compared with 18.9% in 1994, as payroll costs increased at a slightly higher rate than revenues.

Selling, general and administrative expenses were \$1.92 billion in 1994, compared with \$1.82 billion in 1993, a 5.0% increase. The overall increase was due to a 5.7% increase in revenues. As a percent of revenues, selling, general and administrative expenses decreased 0.2% to 18.9% in 1994, compared with 19.1% in 1993, as payroll costs increased at a lesser rate than revenues. Selling, general and administrative expenses include advertising and sales promotion costs of \$404 million, \$370 million and \$358 million in 1995, 1994 and 1993, respectively.

Interest Expense. Interest expense components were:

(dollars in millions)	1995	1994	1993
Interest expense	\$283	\$256	\$262
Interest income	(14)	(8)	(8)
Capitalized interest	(19)	(15)	(10)
Interest expense, net	\$250	\$233	\$244
Percent of revenues	2.3%	2.3%	2.5%

The increase in 1995 net interest expense from 1994 was due to increased average borrowings related to store growth including the acquisition of certain assets of John Wanamaker and Woodward & Lothrop.

The decrease in 1994 net interest expense compared with 1993 was the result of reduced average borrowings.

Income Taxes. The effective income tax rates were 39.7%, 39.7% and 39.6% in 1995, 1994 and 1993, respectively.

The 1995 effective income tax rate of 39.7% remained constant compared to 1994, as a 0.3% increase in the effective federal income tax rate was offset by a 0.3% decrease in the net effective state income tax rate. The 1994 effective income tax rate of 39.7% increased compared with 1993 because of slightly higher state income tax rates. See Taxes on page 24. Also see Summary of Significant Accounting Policies on page 21 for a discussion of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes."

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Common stock price range											
Low price	\$10.50	\$15.94	\$11.13	\$14.38	\$17.31	\$18.69	\$22.63	\$26.00	\$33.44	\$32.25	\$33.50
High price	\$16.25	\$22.06	\$25.44	\$20.00	\$26.31	\$29.56	\$30.19	\$37.25	\$46.50	\$45.13	\$46.25

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Book value per common share	\$7.86	\$8.50	\$9.13	\$10.75	\$9.32	\$10.04	\$11.26	\$12.82	\$14.65	\$16.65	\$18.42

Impact of Inflation. Overall, inflation has not had a material impact on the company's 1995 sales growth and earnings. The company values its inventory on a LIFO basis, and as a result, the current cost of merchandise is reflected in current operating results.

Discontinued Operation. Payless ShoeSource, Inc., is the nation's largest chain of self-service family shoe stores. At year-end, Payless operated 4,549 stores and 773 Payless Kids expansion stores in 49 states, the District of Columbia, Puerto Rico and the Virgin Islands.

Results for Payless for the fiscal years shown were:

(dollars in millions)	1995	1994	1993	Increase (Decrease)	
				1995	1994
Revenues	\$2,330	\$2,116	\$1,966	10.1%	7.6%
Operating earnings	162	218	222	(25.9)	(1.6)
Percent of revenues	6.9%	10.3%	11.2%		
Return on net assets	13.9	20.6	23.1		

Operating earnings, percent of revenues, and return on net assets for 1995 in the above table were computed with earnings before special and nonrecurring items. Operating earnings represent earnings before income taxes and net interest expense (EBIT). Payless recorded special and nonrecurring pretax charges of \$72 million in 1995. See Discontinued Operation on page 27.

#### REVIEW OF FINANCIAL CONDITION

Our 1995 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 reasonable costs.

Return on Equity. Return on equity is our principal measure in evaluating our performance for shareowners and our ability to invest shareowners' funds profitably. Our objective is to sustain performance that places our return on equity in the top quartile of the retail industry. Return on beginning equity was 20.8% in 1995, compared with 21.3% in 1994 and 22.1% in 1993. The 1995 return on beginning equity was computed with net earnings from continuing operations divided by beginning shareowners' equity adjusted for the impact of the Payless spin-off. During this period, our financial strength improved. Our 1995 debt-to-capitalization ratio was 42%, which reflects the Payless spin-off, compared with 47% in 1992. Net earnings from 1995 continuing and discontinued operations, yielded a return on beginning equity of 18.0%.

Return on Net Assets. Return on continuing operations' net assets measures performance independent of capital structure. Return on continuing operations' net assets represents pretax earnings before net interest expense and the interest component of operating leases, divided by beginning of year continuing operations' net assets (including present value of operating leases). Return on continuing operations' net assets was 20.1% in 1995, compared with 20.1% in 1994 and 19.0% in 1993. The improvement in the 1994 return on net assets over the 1993 figure was due to the growth in earnings exceeding the 3.0% growth in beginning-of-year net assets.

Cash Flow. Cash flow from continuing operations (earnings plus depreciation/amortization) was \$1.0 billion. This was 9.4% of revenues in 1995, compared with 9.4% in 1994 and 9.0% in 1993. The company's cash flow as a percent of revenues continues to be one of the highest in the retail industry, and it gives the company ample resources to invest in its business.

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

(millions)	1995	1994	1993
Earnings and depreciation/amortization	\$1,033	\$947	\$859
Working capital increases	(331)	(165)	(176)
Discontinued operation	97	(1)	43
Other operating activities	49	(17)	65
Investing activities	(871)	(580)	(471)
Net long-term debt issuances (repayments)	444	118	(190)
Other financing activities	(310)	(293)	(262)
Increase (decrease) in cash and cash equivalents	\$ 111	\$ 9	\$ (132)

Financing Activities. During the 1995 second quarter, the company issued \$100 million, 7.50% debentures due in 2015 and \$100 million, 7.60% debentures due in 2025. The proceeds from the issuance were added

to the company's general funds and were available for capital expenditures, working capital needs, the purchase of certain of the company's other indebtedness, and other general corporate purposes, including investments and acquisitions.

During the 1995 third quarter, the company issued \$125 million, 7.15% notes due in 2004, \$125 million, 7.625% debentures due in 2013, and \$150 million, 8.125% debentures due in 2035. The proceeds from the issuance were added to the company's general funds and were available for the acquisition of certain assets of John Wanamaker and Woodward & Lothrop.

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Return on equity	15.5%	15.7%	17.0%	18.6%	18.0%	21.8%	20.7%	21.5%	22.1%	21.3%	20.8%

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Return on net assets from continuing operations	16.8%	15.4%	15.7%	16.2%	16.9%	15.8%	14.5%	15.4%	19.0%	20.1%	20.1%

During the fourth quarter of 1995, the company recorded an extraordinary aftertax loss of \$3 million (\$5 million pretax) as it executed a binding contract to call \$112 million of 9.25% debentures due to mature March 1, 2016. The debentures will be called effective March 1, 1996. During 1995 and 1994, the company retired \$150 million and \$35 million of debt, respectively.

Financial Condition Ratios. Our strong debt-to-capitalization and fixed charge coverage ratios will further improve with the spin-off of Payless. These figures are consistent with our capital structure objectives. Our capital structure provides us with substantial financial flexibility.

The debt-to-capitalization ratios reflecting the completion of the spin-off of Payless were 42%, 41% and 42% for 1995, 1994 and 1993, respectively. The debt-to-capitalization ratios including the discontinued operation were 44%, 44% and 45% at the end of 1995, 1994 and 1993, 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 22 for discussion of the ESOP. The total debt, as defined above, related to Payless was \$897 million at the end of 1995.

The fixed-charge coverage ratios reflecting the completion of the spin-off of Payless were 4.2x, 4.2x and 3.7x for 1995, 1994 and 1993, respectively. Fixed-charge coverage ratios including the discontinued operation were 3.1x, 3.4x and 3.2x in 1995, 1994 and 1993, respectively. Fixed charges are defined as gross interest expense, 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 and a decrease in fixed charges, primarily interest 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 remodelings and as we eliminate unproductive space.

Capital expenditures in 1996 will approximate \$690 million. Capital expenditures for the 1996-2000 period are planned at \$3.7 billion. 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 multiyear credit agreement. In addition, the company has filed with the Securities and Exchange Commission a shelf registration statement that would enable it to issue up to \$800 million of additional debt securities.

Common Stock Dividends and Market Prices. Our policy is to increase dividends on common stock consistent with our earnings growth over time. The 1996 annual dividend rate was increased by 1.8%, or \$.02 per share, to \$1.16 per share. This is the 21st consecutive annual dividend increase. The new annual dividend rate of \$1.16 per share will be effective with the June 1996 dividend payment. Dividends paid have increased at a compound rate of 7.7% 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 1995 and 1994 were:

Quarter	1995			1994		
	Market Price High	Market Price Low	Dividends Per Share	Market Price High	Market Price Low	Dividends Per Share
First	\$38	\$33 1/2	\$ .26	\$45 1/8	\$38	\$.23
Second	44 1/4	35 1/4	.28 1/2	41 7/8	37 3/8	.26
Third	45 3/8	37	.28 1/2	42	36 1/2	.26
Fourth	46 1/4	38 3/8	.28 1/2	39 7/8	32 1/4	.26
Year	\$46 1/4	\$33 1/2	\$1.11 1/2	\$45 1/8	\$32 1/4	\$1.01

<FN>

The approximate number of common shareowners as of March 1, 1996, was 44,200.

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Cash flow from continuing operations (in millions)											
Depreciation and amortization	\$166	\$189	\$187	\$236	\$234	\$253	\$273	\$283	\$281	\$297	\$333
Net earnings	\$235	\$264	\$318	\$362	\$425	\$404	\$404	\$472	\$578	\$650	\$700

Source: MAY DEPARTMENT STORE, 10-K, April 24, 1996



[The following "Consolidated Financial Statements" section is a reproduction of the same named section included in the Annual Report on pages 17 - 20.]

CONSOLIDATED STATEMENT OF EARNINGS

(dollars in millions, except per share)	1995	1994	1993
Net Retail Sales	\$10,507	\$9,759	\$9,020
Revenues	\$10,952	\$10,107	\$9,562
Cost of sales	7,461	6,879	6,537
Selling, general and administrative expenses	2,081	1,916	1,824
Interest expense, net	250	233	244
Total cost of sales and expenses	9,792	9,028	8,605
Earnings from continuing operations before income taxes	1,160	1,079	957
Provision for income taxes	460	429	379
Net Earnings from Continuing Operations	700	650	578
Net earnings from discontinued operation	55	132	133
Impact of spin-off of discontinued operation	-	-	-
Net earnings before extraordinary loss	755	782	711
Extraordinary loss related to early extinguishment of debt, net of income taxes	(3)	-	-
Net earnings	\$752	\$782	\$711
Primary Earnings per Share:			
Continuing operations	\$2.73	\$2.53	\$2.24
Discontinued operation	0.22	0.53	0.53
Impact of spin-off of discontinued operation	-	-	-
Net earnings before extraordinary loss	2.95	3.06	2.77
Extraordinary loss	(0.01)	-	-
Primary Earnings per Share	\$2.94	\$3.06	\$2.77
Fully Diluted Earnings per Share:			
Continuing operations	\$2.61	\$2.43	\$2.15
Discontinued operation	0.21	0.49	0.50
Impact of spin-off of discontinued operation	-	-	-
Net earnings before extraordinary loss	2.82	2.92	2.65
Extraordinary loss	(.01)	-	-
Fully Diluted Earnings per Share	\$2.81	\$2.92	\$2.65

<FN>

Fiscal 1995 was a 53-week year. Net retail sales for fiscal 1995 are shown on a 52-week basis for comparability. Net retail sales for the 53 weeks ended February 3, 1996, were \$10,613.

See Notes to Consolidated Financial Statements.

Consolidated Balance Sheet

(dollars in millions, except per share)	February 3, 1996	January 28, 1995
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$12	\$8
Cash equivalents	147	40
Accounts receivable, net	2,403	2,432
Merchandise inventories	2,134	1,813
Other current assets	169	182
Net current assets of discontinued operation	232	243
<b>Total Current Assets</b>	<b>5,097</b>	<b>4,718</b>
<b>Property and Equipment:</b>		
Land	238	200
Buildings and improvements	2,908	2,564
Furniture, fixtures and equipment	2,416	2,123
Property under capital leases	55	57
Total property and equipment	5,617	4,944
Accumulated depreciation	(1,873)	(1,669)
Property and equipment, net	3,744	3,275
Goodwill	671	600
Other Assets	89	93
Net Noncurrent Assets of Discontinued Operation	521	551
<b>Total Assets</b>	<b>\$10,122</b>	<b>\$9,237</b>
<b>Liabilities and Shareowners' Equity</b>		
<b>Current Liabilities:</b>		
Current maturities of long-term debt	\$132	\$168
Accounts payable	692	735
Accrued expenses	650	658
Income taxes payable	128	128
<b>Total Current Liabilities</b>	<b>1,602</b>	<b>1,689</b>
Long-term Debt	3,333	2,864
Deferred Income Taxes	378	340
Other Liabilities	204	192
ESOP Preference Shares	366	374
Unearned Compensation	(346)	(357)
<b>Shareowners' Equity:</b>		
Common stock	124	124
Additional paid-in capital	-	5
Retained earnings	4,461	4,006
<b>Total Shareowners' Equity</b>	<b>4,585</b>	<b>4,135</b>
<b>Total Liabilities and Shareowners' Equity</b>	<b>\$10,122</b>	<b>\$9,237</b>

<FN>

Common stock has a par value of \$.50 per share; 700 million shares are authorized and 313.6 million shares were issued. At February 3, 1996, 248.9 million shares were outstanding and 64.7 million shares were held in treasury. At January 28, 1995, 248.4 million shares were outstanding and 65.2 million shares were held in treasury.

ESOP Preference Shares have a par value of \$.50 per share, a stated value of \$507 per share, and 800,000 shares are authorized. At February 3, 1996, 722,111 shares (convertible into 14.8 million common shares) were issued and outstanding. At January 28, 1995, 737,145 shares (convertible into 15.1 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 Notes to Consolidated Financial Statements.

Consolidated Statement  
of Cash Flows

(dollars in millions)	1995	1994	1993
<b>Operating Activities:</b>			
Net earnings from continuing operations	\$700	\$650	\$578
Net earnings from discontinued operation	55	132	133
Extraordinary loss related to early extinguishment of debt	(3)	-	-
Net earnings	752	782	711
Adjustments for noncash items included in earnings:			
Depreciation and amortization	333	297	281
Deferred income taxes (noncurrent)	42	15	11
Deferred and unearned compensation	15	16	17
Working capital increases*	(330)	(165)	(176)
Other assets and liabilities, net	(6)	(48)	37
Discontinued operation:			
Expenses not requiring the outlay of cash	96	77	67
Working capital and other	10	24	(40)
Total Operating Activities	912	998	908
<b>Investing Activities:</b>			
Capital expenditures	(801)	(682)	(560)
Disposition of property and equipment	20	106	95
Goodwill	(89)	-	-
Other	(1)	(4)	(6)
Discontinued operation:			
Capital expenditures	(95)	(255)	(140)
Disposition of property and equipment	31	21	23
Total Investing Activities	(935)	(814)	(588)
<b>Financing Activities:</b>			
Issuance of long-term debt	600	200	12
Repayment of long-term debt	(156)	(82)	(202)
Purchase of common stock	(71)	(56)	(54)
Issuance of common stock	57	33	32
Dividend payments	(296)	(270)	(240)
Total Financing Activities	134	(175)	(452)
Increase (Decrease) in Cash and Cash Equivalents	111	9	(132)
Cash and Cash Equivalents, Beginning of Year	48	39	171
Cash and Cash Equivalents, End of Year	\$159	\$48	\$39
*Working capital increases comprise:			
Accounts receivable, net	\$29	\$(43)	\$(26)
Merchandise inventories	(321)	(166)	(171)
Other current assets	13	14	106
Accounts payable	(43)	(44)	121
Accrued expenses	(8)	(6)	(201)
Income taxes payable	-	80	(5)
Net increase in working capital	\$ (330)	\$(165)	\$(176)
Cash paid during the year:			
Interest	\$268	\$240	\$255
Income taxes	448	418	322

<FN>

Noncash investing and financing activities include conversions of ESOP Preference Shares into common stock of \$8 million, \$7 million and \$9 million in 1995, 1994 and 1993, respectively.  
See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF SHAREOWNERS' EQUITY

(dollars in millions, shares in thousands)	Outstanding Common Stock		Additional Paid-in Capital	Retained Earnings	Total Shareowners' Equity
	Shares	Dollars			
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
Net earnings	-	-	-	752	752
Dividends paid:					
Common stock (\$1.11 1/2 per share)	-	-	-	(277)	(277)
ESOP Preference Shares, net of tax benefit	-	-	-	(19)	(19)
Preferred stock	-	-	-	-	-
Common stock issued	2,198	1	64	-	65
Purchase of common stock	(1,710)	(1)	(69)	(1)	(71)
Balance at February 3, 1996	248,871	\$124	\$-	\$4,461	\$4,585

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

	1995	1994	1993
Balance, Beginning of Year	65,254	65,295	65,530
Common stock issued:			
Exercise of stock options	(1,419)	(677)	(967)
Deferred compensation plan	(158)	(181)	(239)
Restricted stock grants, net of forfeitures	(236)	(157)	31
Contribution to Profit Sharing Plan	(89)	(145)	(76)
Conversion of ESOP Preference Shares	(296)	(269)	(360)
Purchase of common stock	(2,198)	(1,429)	(1,611)
Balance, End of Year	64,766	65,254	65,295

<FN>

See 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 21 - 27.]

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

##### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Fiscal Year.** The company's fiscal year ends on the Saturday closest to January 31. Fiscal 1995 ended on February 3, 1996, and included 53 weeks. Fiscal years 1994 and 1993 ended on January 28, 1995, and January 29, 1994, respectively, and both 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), reflecting the operation of 346 quality department stores. The consolidated financial statements reflect Payless ShoeSource, Inc. ("Payless"), as a discontinued operation. All the following notes, except Discontinued Operation on page 27, reflect data on a continuing operations basis.

**Net Retail Sales and Revenues.** Net retail sales (sales) represent 52-week 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.

**Advertising Costs.** Advertising and sales promotion costs are expensed at the time the advertising takes place.

**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. 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 265.3 million, 264.9 million and 265.5 million in 1995, 1994 and 1993, respectively. References to earnings per share in this annual report relate to fully diluted earnings per share.

**Cash Equivalents.** Cash equivalents consist primarily of commercial paper with maturities of 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.** Merchandise inventories 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 \$118 million and \$171 million in 1995 and 1994, respectively.

**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 \$129 million and \$111 million in 1995 and 1994, respectively.

Use of Estimates. Management makes estimates and assumptions that affect the amounts reported in the consolidated statements of earnings, shareholders' equity and cash flows, the consolidated balance sheet, and notes to consolidated financial statements. Actual results could differ from these estimates.

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.

Long-lived Assets. In March 1995, Statement of Financial Accounting Standards (SFAS) No. 121, "Accounting for the Impairment of Long-lived Assets and for Long-lived Assets to be Disposed Of," was issued. SFAS No. 121 requires that long-lived assets and certain identifiable intangibles to be held and used or disposed of by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. During 1995, the company adopted this statement and determined that no impairment loss need be recognized for applicable assets of continuing operations.

Reclassifications. Certain prior-period amounts have been reclassified to conform with the current-year presentation.

#### QUARTERLY RESULTS (Unaudited)

Quarterly results of continuing operations 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)					1995
Quarter	First	Second	Third	Fourth	Year
Revenues	\$2,218	\$2,325	\$2,569	\$3,840	\$10,952
Cost of sales	\$1,543	\$1,625	\$1,798	\$2,495	\$7,461
Net earnings from continuing operations	\$87	\$107	\$110	\$396	\$700
Primary earnings per share from continuing operations	\$0.33	\$0.41	\$0.42	\$1.57	\$2.73
Fully diluted earnings per share from continuing operations	\$0.32	\$0.40	\$0.41	\$1.48	\$2.61

(millions, except per share)					1994
Quarter	First	Second	Third	Fourth	Year
Revenues	\$2,105	\$2,162	\$2,404	\$3,436	\$10,107
Cost of sales	\$1,463	\$1,510	\$1,679	\$2,227	\$6,879
Net earnings from continuing operations	\$77	\$93	\$105	\$375	\$650
Primary earnings per share from continuing operations	\$0.29	\$0.35	\$0.40	\$1.49	\$2.53
Fully diluted earnings per share from continuing operations	\$0.28	\$0.35	\$0.38	\$1.42	\$2.43

There are variables and uncertainties in the factors used to estimate the annual LIFO provision (credit) 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.

Quarter	1995		1994	
	Pro Forma	As Reported	Pro Forma	As Reported
First	\$ (.02)	\$.02	\$ (.02)	\$.02
Second	(.03)	.02	(.02)	.02
Third	(.03)	.00	(.03)	.00
Fourth	(.04)	(.16)	(.04)	(.15)
Year	\$ (.12)	\$ (.12)	\$ (.11)	\$ (.11)

#### ACQUISITION

Effective August 28, 1995, the company purchased 14 John Wanamaker stores (one of which will not be operated) in the Philadelphia area and three Woodward & Lothrop stores in the Washington, D.C., area, for approximately \$412 million, including \$167 million for inventory, receivables and other current assets. The asset acquisition has been accounted for as a purchase, and accordingly, the operating results of the acquired stores have been included in the company's consolidated results since the effective acquisition date. The acquisition was funded principally with long-term debt. The acquisition did not have a material effect on the results of operations or financial position of the company in 1995.

#### PROFIT SHARING

The company has a qualified profit-sharing plan that covers substantially all associates who work 1,000 hours or more in a year and have attained age 21. The plan is a defined contribution program that 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 \$33 million, \$29 million and \$35 million in 1995, 1994 and 1993, 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 \$378 million outstanding portion of the guaranteed ESOP debt is reflected on the consolidated balance sheet in long-term debt, because 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 \$32 million in 1995, and \$33 million in each of 1994 and 1993. ESOP Preference Shares dividends were \$28 million in 1995 and 1994, and \$29 million in 1993. 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 \$17 million, \$19 million and \$20 million in 1995, 1994 and 1993, respectively.

At February 3, 1996, the Profit Sharing Plan beneficially owned 11.5 million shares of the company's common stock and 100% of the company's ESOP Preference Shares, which are convertible into 14.8 million shares of the company's common stock, representing 10.0% of the company's common stock on a fully converted basis.

#### PENSION

The company has a qualified retirement plan that covers substantially all associates who work 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 based on information provided by an outside actuarial firm, which uses assumptions to estimate the total benefits ultimately payable to associates and then allocates 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)	1995	1994
Actuarial Present Value of Benefit Obligations:		
Vested benefit obligation	\$260	\$ 185
Nonvested benefit obligation	29	23
Accumulated benefit obligation (ABO)	289	208
Estimated effect of future salary increases	49	51
Projected benefit obligation (PBO)	338	259
Plan assets at fair value (primarily equity and fixed income securities)	290	227
Plan assets less than PBO	(48)	(32)
Unrecognized obligation	3	4
Unrecognized gain	(27)	(36)
Unrecognized prior service cost	21	20
Accrued pension cost	\$ (51)	\$ (44)
Plan assets in excess of ABO	\$ 1	\$ 19

The accrued pension cost, which primarily represents the unfunded accumulated benefit obligation (ABO) for the nonqualified supplementary retirement plan, is included in other liabilities on the accompanying balance sheet. Qualified plan assets in excess of ABO were \$61 million and \$57 million in 1995 and 1994, respectively.

(millions)	1995	1994	1993
Components of Pension Expense:			
Service cost	\$21	\$22	\$21
Interest on PBO	22	19	20
Actual return on assets	(61)	6	(22)
Net amortization and deferral	46	(19)	3
Total	\$28	\$28	\$22

At the end of 1995, the discount rate and expected rate of return on plan assets were decreased as a result of a general decrease in interest rates during the year.

	1996	January 1, 1995	1994
Actuarial Assumptions:			
Discount rate	7.00%	8.00%	7.0%
Expected return on plan assets	7.25	8.25	7.5
Salary increase	4.50	5.00	5.0

<FN>

Definitions of Terms:

AEO is the actuarial present value of benefits (both vested and nonvested) attributed by the pension benefit formula to prior associate service; it is 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 \$123 million in 1995 as its matching contribution to the \$123 million paid in 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. At the end of 1995, the company decreased the discount rate assumption from 8.0% to 7.0%, which resulted in a \$4 million increase in the present value of future obligations.

As of February 3, 1996, the company's estimated present value of future obligations for postretirement benefits was \$43 million, of which \$41 million was accrued. As provided in Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," an unrecognized net loss of less than 10% of the liability is not required to be amortized. The estimated future obligations are based upon assumed annual health care cost increases of 11% for 1996, decreasing by 1% annually to 7% for 2000 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 \$2 million, \$3 million and \$2 million in 1995, 1994 and 1993, respectively.

TAXES

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

(dollars in millions)	1995		1994		1993	
	\$	%	\$	%	\$	%
Federal	\$343		\$331		\$240	
State and local	70		72		52	
Taxes currently payable	413	35.7%	403	37.3%	292	30.5%
Federal	40		22		74	
State and local	7		4		13	
Deferred taxes	47	4.0	26	2.4	87	9.1
Total	\$460	39.7%	\$429	39.7%	\$379	39.6%

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

	1995	1994	1993
Statutory federal income tax rate	35.0%	35.0%	35.0%
State and local income taxes	6.7	7.2	7.0
Federal tax benefit of state and local income taxes	(2.3)	(2.5)	(2.5)
Other, net	0.3	-	0.1
Effective income tax rate	39.7%	39.7%	39.6%

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

(millions)	February 3, 1996	January 28, 1995
Accrued expenses and reserves	\$ 132	\$ 134
Deferred and other compensation	104	99
Depreciation/amortization and basis differences	(323)	(276)
Other deferred income tax liabilities, net	(173)	(155)
Net deferred income taxes	(260)	(198)
Less: Net current deferred income tax assets	118	142
Noncurrent deferred income taxes	\$ (378)	\$ (340)

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)	1995	1994	1993
Payroll	\$160	\$146	\$139
Real estate and personal property	83	79	79
Total	\$243	\$225	\$218

#### ACCOUNTS RECEIVABLE

During 1995, credit sales under department store credit programs were \$6.0 billion, or 54.5% of 1995 department store revenues; this compares with 57.3% in 1994 and 62.4% in 1993. An estimated 30 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 totaled \$2.4 billion in 1995, compared with \$1.8 billion in 1994 and \$1.3 billion in 1993.

Net accounts receivable consisted of:

(millions)	February 3, 1996	January 28, 1995
Customer accounts receivable	\$2,377	\$2,418
Other accounts receivable	110	92
Total accounts receivable	2,487	2,510
Allowance for uncollectible accounts	(84)	(78)
Accounts receivable, net	\$2,403	\$2,432

#### 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)	February 3, 1996	January 28, 1995
Notes receivable	\$37	\$48
Deferred debt expense	26	20
Restricted construction funds	5	5

#### ACCRUED EXPENSES

Major components of accrued expenses included:

(millions)	February 3, 1996	January 28, 1995
Insurance costs	\$185	\$179
Sales and use and other taxes	96	120
Salaries, wages and employee benefits	89	90
Interest and rent expense	79	71
Store closings and real estate-related	71	81
Advertising and other operating expenses	53	53
Construction costs	43	44

#### SHORT-TERM DEBT AND LINES OF CREDIT

Short-term borrowings for the last three years were:

(dollars in millions)	1995	1994	1993
Balance outstanding at year-end	-	-	-
Average balance outstanding	\$ 75	\$ 83	\$ 94
Average interest rate on average balance	6.2%	5.0%	3.3%
Maximum balance outstanding	\$246	\$317	\$344

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 February 3, 1996, there were no amounts outstanding under these agreements.

#### LONG-TERM DEBT

Long-term debt and capital lease obligations were:

(dollars in millions)	February 3, 1996	January 28, 1995
5.7% to 10.75% unsecured notes and sinking fund debentures due 1997-2035	\$3,341	\$2,902
3.0 % to 10.0 % mortgage notes and bonds due 1996-2012	65	69
Total debt	3,406	2,971
Capital lease obligations	59	61
	3,465	3,032
Less current maturities	132	168
Total	\$3,333	\$2,864

During the 1995 second quarter, the company issued \$100 million, 7.50% debentures due in 2015 and \$100 million, 7.60% debentures due in 2025. The proceeds from the issuance were added to the company's general

funds and were available for capital expenditures, working capital needs, the purchase of certain of the company's other indebtedness, and other general corporate purposes, including investments and acquisitions.

During the 1995 third quarter, the company issued \$125 million, 7.15% notes due in 2004, \$125 million, 7.625% debentures due in 2013 and \$150 million, 8.125% debentures due in 2035. The proceeds from the issuance were added to the company's general funds and were available for the acquisition of certain assets of John Wanamaker and Woodward & Lothrop.

During the 1995 fourth quarter, the company recorded an extraordinary aftertax loss of \$3 million (\$5 million pretax) as it executed a binding contract to call \$112 million 9.25% debentures due to mature March 1, 2016. The debentures will be called effective March 1, 1996.

The annual maturities of long-term debt, including sinking fund requirements, are \$132 million, \$234 million, \$242 million, \$81 million and \$254 million for 1996 through 2000, respectively.

The net book value of property and equipment encumbered under long-term debt agreements was \$105 million at February 3, 1996.

## LEASE OBLIGATIONS

The company owns approximately 74% of its stores. Rental expense for the company's operating leases consisted of:

(millions)	1995	1994	1993
Minimum rentals	\$38	\$38	\$37
Contingent rentals based on sales	15	14	13
Real property rentals	53	52	50
Equipment rentals	4	5	6
Total	\$57	\$57	\$56

Future minimum lease payments at February 3, 1996, were as follows:

(millions)	Capital Leases	Operating Leases	Total
1996	\$8	\$41	\$49
1997	8	37	45
1998	7	32	39
1999	7	30	37
2000	7	27	34
After 2000	123	286	409
Minimum lease payments	160	\$453	\$613
Less imputed interest component	101		
Present value of net minimum lease payments, of which \$1 million is included in current liabilities	\$59		

The present value of operating leases was \$234 million at February 3, 1996.

Property under capital leases is summarized as follows:

(millions)	February 3, 1996	January 28, 1995
Cost	\$55	\$57
Accumulated amortization	(19)	(19)
Total	\$36	\$38

## OTHER LIABILITIES

In addition to accrued pension cost, other liabilities principally consisted of deferred compensation liabilities of \$151 million and \$145 million at February 3, 1996, and January 28, 1995, 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 table summarizes the authorized, issued and outstanding shares by type:

(dollars in millions, except per share)	Shares Authorized		Issued and Outstanding		
			February 3, 1996		January 28, 1995
		\$	Shares	\$	Shares
Preferred Stock, no par value	51,323	1	11,974	1	12,105
\$1.80 Preference Stock, no par value	73,273	1	26,653	1	26,653
3 3/4% Cumulative Preference Stock, \$100 par value per share	9,878	-	-	-	-
Preference Stock, \$.50 par value per share, in the aggregate, including ESOP shares	25,000,000	366	722,111	374	737,145

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 conditional 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)	1995		1994	
	Shares	Grant Prices	Shares	Grant Prices
Outstanding at beginning of year	5,329	\$12-44	4,780	\$8-44
Granted	1,543	37-44	1,523	38-40
Exercised	(1,419)	12-42	(677)	8-37
Cancelled or expired	(294)	21-44	(297)	18-44
Outstanding at end of year	5,159	\$12-44	5,329	\$12-44
Exercisable at end of year	1,746	\$12-44	1,971	\$12-44
Shares available for additional grants	10,432		11,803	

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. The company granted 274,750 and 179,000 shares of restricted stock under the 1994 Stock Incentive Plan in 1995 and 1994, respectively.

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, 5,000 shares of restricted stock were granted 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 become exercisable only 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 terminated, extended, exercised or redeemed.

#### FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents the carrying amounts and fair values of the company's financial instruments at February 3, 1996, and January 28, 1995. 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.

	1995		1994	
(millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Accounts receivable	\$2,403	\$2,403	\$2,432	\$2,432
Long-term debt	3,406	3,977	2,971	3,104

The carrying amounts shown in the table are included in the consolidated balance sheet under the indicated captions. The increase in the spread between the fair value and carrying amount of long-term debt in 1995 compared with 1994 was due to lower interest rates at the end of 1995. The fair value was determined with the use of borrowing rates currently available for debt instruments with similar remaining terms and maturities.

#### DISCONTINUED OPERATION

On January 17, 1996 the company announced its intention to spin off Payless, its chain of self-service family shoe stores, in May 1996. The company's financial statements presented herein have been restated to reflect Payless as a discontinued operation. The consolidated statement of earnings includes the results of Payless as a discontinued operation through January 17, 1996. The estimated costs to effect the spin-off and the loss of discontinued operations from January 17, 1996, through 1995 year-end of \$21 million were fully offset by a portion of Payless's 1996 estimated earnings through the anticipated spin-off date.

The costs to effect the spin-off included investment banker's, legal counsel's and accountant's fees, registration statement fees and expenses, and a curtailment loss on the company's nonqualified supplementary retirement plan. The curtailment loss reflects expense associated with previously unrecognized prior-service costs related to the Payless participants. During the 1995 fourth quarter, in conjunction with the spin-off, Payless committed to close approximately 450 unprofitable stores. In addition, Payless committed to restructure its central office and other personnel. A pretax special and nonrecurring charge of \$72 million was recorded for these initiatives. Payless's 1995 net earnings before special and nonrecurring items would have been \$99 million, or \$.37 per fully diluted share.

The reported net earnings from the discontinued operation are net of \$36 million, \$86 million and \$88 million in income tax expense for 1995, 1994 and 1993, respectively.

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

#### Eleven-Year Financial Summary

(dollars in millions, except per share)	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985
Net Retail Sales Operations	\$10,507	\$9,759	\$9,020	\$8,415	\$7,872	\$7,502	\$7,037	\$6,187	\$4,755	\$4,353	\$3,987
Revenues	\$10,952	\$10,107	\$9,562	\$9,362	\$9,068	\$8,700	\$8,356	\$7,742	\$6,415	\$6,503	\$6,129
Cost of sales	7,461	6,879	6,537	6,459	6,275	6,047	5,734	5,348	4,492	4,625	4,340
Selling, general and administrative expenses	2,081	1,916	1,824	1,859	1,861	1,772	1,735	1,645	1,325	1,353	1,276
Interest expense, net	250	233	244	279	315	278	231	196	77	90	90
Earnings from continuing operations before income taxes	1,160	1,079	957	579*	617	603	656	553	521	435	423
Provision for income taxes	460	429	379	107*	213	199	231	191	203	171	188
Net Earnings from Continuing Operations	700	650	578	472	404	404	425	362	318	264	235
LIFO charge (credit)	(53)	(46)	7	10	26	39	(22)	(3)	8	4	2
Net earnings	752	782	711	603	515	500	498	534	444	381	347
Depreciation and amortization	333	297	281	283	273	253	234	236	187	189	166
Cash flow from operations 1	1,033	947	859	755	677	657	659	599	505	454	401
Net issuances (repayments) of long-term debt 2	444	118	(190)	(248)	313	590	169	891	(61)	159	141
Capital expenditures	801	682	560	284	366	466	470	292	353	374	358
Dividends on common stock	278	251	223	204	198	191	186	184	170	131	124
Per Share											
Net Earnings from Continuing Operations	\$2.61	\$2.43	\$2.15	\$1.76	\$1.52	\$1.51	\$1.50	\$1.23	\$1.03	\$.83	\$.75
Net earnings 3	2.81	2.92	2.65	2.26	1.93	1.87	1.76	1.81	1.44	1.20	1.11
Dividends paid	1.12	1.01	.90	.83	.81	.77	.69	.62	.56	.51	.46
Annual dividend rate at year-end	1.14	1.04	.92	.83	.81	.79	.71	.64	.57	.52	.47
Book value	18.42	16.65	14.65	12.82	11.26	10.04	9.32	10.75	9.13	8.50	7.86
Market price - high	46.25	45.13	46.50	37.25	30.19	29.56	26.31	20.00	25.44	22.06	16.25
Market price - low	33.50	32.25	33.44	26.00	22.63	18.69	17.31	14.38	11.13	15.94	10.50
Market price - average of high and low	39.88	38.69	39.97	31.63	26.41	24.13	21.81	17.19	18.28	19.00	13.38
Financial Position											
Customer accounts receivable	\$2,377	\$2,418	\$2,367	\$2,373	\$2,377	\$2,456	\$2,223	\$2,099	\$1,590	\$1,516	\$1,578
Merchandise inventories	2,134	1,813	1,647	1,476	1,436	1,375	1,278	1,141	880	848	908
Working capital	3,495	3,029	2,921	2,691	3,051	2,635	2,059	2,093	1,821	1,921	1,529
Property and equipment, net	3,744	3,275	2,977	2,774	2,808	2,728	2,446	2,285	1,830	1,745	1,704
Long-term debt, preferred and preference stock	3,701	3,240	3,192	3,256	4,299	3,948	3,387	2,384	1,048	1,131	1,048
Shareowners' equity	4,585	4,135	3,639	3,181	2,781	2,467	2,319	3,050	2,723	2,595	2,421
Total assets	10,122	9,237	8,614	8,376	8,566	8,083	7,570	7,374	5,464	5,629	5,311
Statistics											
Percent of revenues:											
Net earnings from continuing operations	6.4%	6.4%	6.0%	5.0%	4.5%	4.6%	5.1%	4.7%	5.0%	4.1%	3.8%
Cash flow from operations 1	9.4	9.4	9.0	8.1	7.5	7.6	7.9	7.7	7.9	7.0	6.5
Return on equity	20.8	21.3	22.1	21.5	20.7	21.8	18.0	18.6	17.0	15.7	15.5
Return on net assets	20.1	20.1	19.0	15.4**	14.5	15.8	16.9	16.2	15.7	15.4	16.8
Stores Open at Year-end	346	314	301	303	318	324	288	297	258	286	301
Average Shares Outstanding and Equivalents											
Primary	249.9	249.6	249.9	248.8	248.0	249.0	267.2	294.8	306.3	313.1	311.1
Fully Diluted	265.3	264.9	265.5	265.3	264.2	264.8	280.0	295.4	306.3	314.9	312.0

<FN>  
All years included 52 weeks, except 1995 and 1989, which included 53 weeks.

Net retail sales for 1995 and 1989 are shown on a 52-week basis for comparability.

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 \$.13 higher in 1995, \$.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.
- \* 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.

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 preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts. Although the financial statements reflect all available information and management's judgement and estimates of current conditions and circumstances, prepared with the assistance of specialists within and outside the company, actual results could differ from those estimates.

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 in response 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 1995 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 of the paper format Annual Report on page 30.]

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 February 3, 1996, and January 28, 1995, and the related consolidated statements of earnings, shareowners' equity and cash flows for each of the three fiscal years in the period ended February 3, 1996. 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 February 3, 1996, and January 28, 1995, and the results of their operations and their cash flows for each of the three fiscal years in the period ended February 3, 1996, in conformity with generally accepted accounting principles.

Arthur Andersen LLP

1010 Market Street  
St. Louis, Missouri 63101-2089  
February 26, 1996

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS AND CONSOLIDATED STATEMENTS OF EARNINGS ON PAGES 17 AND 18 OF THE MAY DEPARTMENT STORES COMPANY 1995 ANNUAL REPORT TO SHAREOWNERS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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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, 1995

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 EXHIBIT

Listed below are all financial statements and exhibit 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, 1995	4
Statement of Net Assets Available for Benefits - December 31, 1994	7
Statement of Changes in Net Assets Available for Benefits for the Year Ended December 31, 1995	10
Notes to Financial Statements - December 31, 1995 and 1994	12
Schedule I - Item 27(a): Schedule of Assets Held for Investment Purposes - December 31, 1995	18
Schedule II - Item 27(d): Schedule of Reportable Transactions for the Year Ended December 31, 1995	22
Exhibit	
Consent of Independent Public Accountants	23

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 24, 1996

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, including the schedules referred to below, of The May Department Stores Company Profit Sharing Plan as of December 31, 1995 and 1994, and the related statement of changes in net assets available for benefits for the year ended December 31, 1995. These financial statements and 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, 1995 and 1994, and the changes in net assets available for benefits for the year ended December 31, 1995, 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 24, 1996

THE MAY DEPARTMENT STORES COMPANY

PROFIT SHARING PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 1995

(Thousands, except per unit information)

ASSETS	Nonparticipant Directed Investment Funds		
	ESOP Preference		May Common Stock
	Unallocated	Member Allocated	
INVESTMENTS, at fair value:			
The May Department Stores Company-			
Convertible preferred stock	\$485,970	\$138,402	\$ -
Common stock	-	-	145,141
Short-term investments	-	-	1,053
Commingled equity index fund	-	-	-
U.S. government securities	-	-	-
Fixed income investments	-	-	-
	-----	-----	-----
Total investments	485,970	138,402	146,194
OTHER ASSETS:			
Receivable (payable) for			
allocation to member accounts	(29,770)	29,770	-
Dividends and interest receivable	-	-	5
Receivables - withholdings of member			
contributions	-	-	-
Interfund receivable (payable)	-	(144)	(1,062)
	-----	-----	-----
Total assets	456,200	168,028	145,137
LIABILITIES			
LIABILITIES:			
Notes payable	378,031	-	-
Accrued interest payable	5,300	-	-
Net amount payable (receivable) for			
investment securities transactions			
and other	-	-	-
Amounts payable for administrative			
expenses	-	-	135
	-----	-----	-----
Total liabilities	383,331	-	135
	-----	-----	-----
NET ASSETS AVAILABLE FOR BENEFITS	\$ 72,869	\$168,028	\$145,002
	=====	=====	=====
NUMBER OF UNITS AT DECEMBER 31, 1995			3,847
			=====
VALUE PER UNIT AT DECEMBER 31, 1995			\$ 37.69
			=====

(Continued on following page)

THE MAY DEPARTMENT STORES COMPANY

PROFIT SHARING PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 1995

(Thousands, except per unit information)

ASSETS	Participant Directed Investment Funds			
	May Common Stock	Money Market	Common Stock Index	Fixed Income Index
INVESTMENTS, at fair value:				
The May Department Stores Company- Convertible preferred stock	\$ -	\$ -	\$ -	\$ -
Common stock	339,470	-	-	-
Short-term investments	2,462	56,132	515	771
Commingled equity index fund	-	-	71,097	-
U.S. government securities	-	-	-	32,711
Fixed income investments	-	-	-	5,746
Total investments	341,932	56,132	71,612	39,228
OTHER ASSETS:				
Receivable (payable) for allocation to member accounts	-	-	-	-
Dividends and interest receivable	11	280	130	568
Receivables - withholdings of member contributions	83	59	11	20
Interfund receivable (payable)	(2,486)	1,068	1,939	685
Total assets	339,540	57,539	73,692	40,501
LIABILITIES				
LIABILITIES:				
Notes payable	-	-	-	-
Accrued interest payable	-	-	-	-
Net amount payable (receivable) for investment securities transactions and other	-	-	-	(194)
Amounts payable for administrative expenses	316	168	179	137
Total liabilities	316	168	179	(57)
NET ASSETS AVAILABLE FOR BENEFITS	\$339,224	\$57,371	\$73,513	\$40,558
NUMBER OF UNITS AT DECEMBER 31, 1995	9,001	38,813	28,985	23,362
VALUE PER UNIT AT DECEMBER 31, 1995	\$37.69	\$1.48	\$2.54	\$1.74

(Continued on following page)

THE MAY DEPARTMENT STORES COMPANY

PROFIT SHARING PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 1995  
(Thousands, except per unit information)

ASSETS	Distribution Account	Total
INVESTMENTS, at fair value:		
The May Department Stores Company-		
Convertible preferred stock	\$ -	\$ 624,372
Common stock	-	484,611
Short-term investments	1,660	62,593
Commingled equity index fund	-	71,097
U.S. government securities	-	32,711
Fixed income investments	-	5,746
	-----	-----
Total investments	1,660	1,281,130
OTHER ASSETS:		
Receivable (payable) for		
allocation to member accounts	-	-
Dividends and interest receivable	-	994
Receivables - withholdings of		
member contributions	-	173
Interfund receivable (payable)	-	-
	-----	-----
Total assets	1,660	1,282,297
	-----	-----
LIABILITIES		
LIABILITIES:		
Notes payable	-	378,031
Accrued interest payable	-	5,300
Net amount payable (receivable)		
for investment securities		
transactions and other	1,660	1,466
Amounts payable for		
administrative expenses	-	935
	-----	-----
Total liabilities	1,660	385,732
	-----	-----
NET ASSETS AVAILABLE FOR BENEFITS	\$ -	\$ 896,565
	=====	=====

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, 1994  
(Thousands, except per unit information)

ASSETS	Nonparticipant Directed Investment Funds		
	ESOP Preference		May Common Stock
	Unallocated	Member Allocated	
INVESTMENTS, at fair value:			
The May Department Stores Company-			
Convertible preferred stock	\$419,895	\$ 90,432	\$ -
Common stock	-	-	123,651
Short-term investments	-	-	2,370
Commingled equity index fund	-	-	-
U.S. government securities	-	-	-
Fixed income investments	-	-	-
Total investments	419,895	90,432	126,021
OTHER ASSETS:			
Receivable (payable) for allocation to member accounts	(23,091)	23,091	-
Receivable - employer supplemental contribution	-	-	3,247
Dividends and interest receivable	-	-	8
Receivables - withholdings of member contributions	-	-	-
Interfund receivable (payable)	-	(18)	197
Total assets	396,804	113,505	129,473
LIABILITIES			
LIABILITIES:			
Notes payable	389,136	-	-
Accrued interest payable	5,454	-	-
Net amount payable (receivable) for investment security transactions and other	-	-	1,177
Amounts payable for administrative expenses	-	-	160
Total liabilities	394,590	-	1,337
NET ASSETS AVAILABLE FOR BENEFITS	\$ 2,214	\$113,505	\$128,136
NUMBER OF UNITS AT DECEMBER 31, 1994			4,348
VALUE PER UNIT AT DECEMBER 31, 1994			\$ 29.47

(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	Participant Directed Investment Funds			
	May Common Stock	Money Market	Common Stock Index	Fixed Income Index
INVESTMENTS, at fair value:				
The May Department Stores Company- Convertible preferred stock	\$ -	\$ -	\$ -	\$ -
Common stock	266,416	-	-	-
Short-term investments	5,105	48,716	670	991
Commingled equity index fund	-	-	45,699	-
U.S. government securities	-	-	-	25,903
Fixed income investments	-	-	-	5,213
Total investments	271,521	48,716	46,369	32,107
OTHER ASSETS:				
Receivable (payable) for allocation to member accounts	-	-	-	-
Receivable - employer supplemental contribution	-	-	-	-
Dividends and interest receivable	17	235	116	589
Receivables - withholdings of member contributions	187	62	55	39
Interfund receivable (payable)	425	(357)	108	(355)
Total assets	272,150	48,656	46,648	32,380
LIABILITIES				
LIABILITIES:				
Notes payable	-	-	-	-
Accrued interest payable	-	-	-	-
Net amount payable (receivable) for investment security transactions and other	2,536	-	-	(72)
Amounts payable for administrative expenses	342	113	103	82
Total liabilities	2,878	113	103	10
NET ASSETS AVAILABLE FOR BENEFITS	\$269,272	\$48,543	\$46,545	\$32,370
NUMBER OF UNITS AT DECEMBER 31, 1994	9,137	34,676	25,154	21,361
VALUE PER UNIT AT DECEMBER 31, 1994	\$29.47	\$1.40	\$1.85	\$1.52

(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	Distribution Account	Total
INVESTMENTS, at fair value:		
The May Department Stores Company- Convertible preferred stock	\$ -	\$ 510,327
Common stock	-	390,067
Short-term investments	1,222	59,074
Commingled equity index fund	-	45,699
U.S. government securities	-	25,903
Fixed income investments	-	5,213
	-----	-----
Total investments	1,222	1,036,283
OTHER ASSETS:		
Receivable (payable) for allocation to member accounts	-	-
Receivable - employer supplemental contribution	-	3,247
Dividends and interest receivable	-	965
Receivables - withholdings of member contributions	-	343
Interfund receivable (payable)	-	-
	-----	-----
Total assets	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	1,222	4,863
Amounts payable for administrative expenses	-	800
	-----	-----
Total liabilities	1,222	400,253
	-----	-----
NET ASSETS AVAILABLE FOR BENEFITS	\$ -	\$ 640,585
	=====	=====

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, 1995  
(Thousands)

	Nonparticipant Directed Investment Funds		
	ESOP Preference		May Common Stock
	Unallocated	Member Allocated	
NET APPRECIATION IN FAIR VALUE OF INVESTMENTS	\$94,630	\$ 31,325	\$ 28,972
INVESTMENT INCOME:			
Dividends	22,437	5,319	3,864
Interest	-	-	66
	22,437	5,319	3,930
CONTRIBUTIONS:			
Member	-	-	-
Employer allocation	(29,914)	29,914	-
Employer ESOP contribution	15,609	-	-
Member interfund transfers	-	(906)	(1,094)
Forfeiture reallocation	-	-	4
	(14,305)	29,008	(1,090)
DEDUCTIONS:			
Member terminations and withdrawals	-	11,129	14,543
Interest expense	32,107	-	-
Administrative expenses	-	-	403
	32,107	11,129	14,946
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	70,655	54,523	16,866
NET ASSETS AVAILABLE FOR BENEFITS AT DECEMBER 31, 1994	2,214	113,505	128,136
NET ASSETS AVAILABLE FOR BENEFITS AT DECEMBER 31, 1995	\$72,869	\$168,028	\$145,002

(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, 1995  
(Thousands)

	Participant Directed Investment Funds				Total
	May Common Stock	Money Market	Common Stock Index	Fixed Income Index	
NET APPRECIATION IN FAIR VALUE OF INVESTMENTS	\$ 67,763	\$ -	\$16,803	\$ 2,739	\$242,232
INVESTMENT INCOME:					
Dividends	9,036	-	1,520	-	42,176
Interest	153	3,108	56	2,352	5,735
	9,189	3,108	1,576	2,352	47,911
CONTRIBUTIONS:					
Member	42,549	7,778	10,937	5,998	67,262
Employer allocation	-	-	-	-	-
Employer ESOP contribution	-	-	-	-	15,609
Member interfund transfers	(14,600)	9,985	4,752	1,863	-
Forfeiture reallocation	11	(12)	(1)	(2)	-
	27,960	17,751	15,688	7,859	82,871
DEDUCTIONS:					
Member terminations and withdrawals	34,016	11,587	6,667	4,424	82,366
Interest expense	-	-	-	-	32,107
Administrative expenses	944	444	432	338	2,561
	34,960	12,031	7,099	4,762	117,034
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	69,952	8,828	26,968	8,188	255,980
NET ASSETS AVAILABLE FOR BENEFITS AT DECEMBER 31, 1994	269,272	48,543	46,545	32,370	640,585
NET ASSETS AVAILABLE FOR BENEFITS AT DECEMBER 31, 1995	\$339,224	\$57,371	\$73,513	\$40,558	\$896,565

The accompanying notes are an integral part of this statement.

THE MAY DEPARTMENT STORES COMPANY

PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1995 AND 1994

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 and the Summary Plan Description dated June 1, 1995, 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.

Reclassifications

Certain reclassifications have been recorded to the December 31, 1994, balances to conform with the December 31, 1995, presentation.

Contributions

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 than original cost 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.

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 Composite Stock Price 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, federal agency and certain foreign government securities that make up the Lehman 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 Intermediate Government/Corporate Bond Index represents the composite performance of intermediate-term, fixed income securities.)

At December 31, 1995, the nonparticipant directed May Common Stock and ESOP Member Allocated Funds include approximately \$51,577,000 and \$32,328,000, respectively, attributable to participants over the age of 55. These amounts can be transferred to other funds at the discretion of the participants.

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, 1995, will be made in May 1996 and will be in the form of 34,490 ESOP Preference Shares.

### ESOP Feature

In 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 4).

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, 1995 and 1994.

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 is less than the employer allocation, then May makes "supplemental" contributions to the Plan to make up the difference. Supplemental contributions can be 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 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 combined 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, 1995 and 1994, the ESOP Preference Shares were valued at their conversion values of \$863.15 and \$691.55, 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. 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, 1995 and 1994, are as follows (dollars in thousands):

	December 31, 1995		December 31, 1994	
	Number of Shares or Principal Amount	Fair Value	Number of Shares or Principal Amount	Fair Value
The May Department Stores Company 7.5% ESOP Preference Stock:				
Unallocated	563,016	\$ 485,970	607,181	\$ 419,895
Member allocated	160,344	138,402	130,767	90,432
	-----	-----	-----	-----
	723,360	624,372	737,948	510,327
	=====		=====	
The May Department Stores Company Common Stock	11,504,123	484,611	11,557,547	390,067
The Bank of New York Short-Term Investment Fund - Master Notes	62,593,281	62,593	59,074,668	59,074
Chase Investors Commingled Equity Index fund	117,694	71,097	101,310	45,699
		-----		-----
Total		\$1,242,673		\$1,005,167
		=====		=====

4. NOTES PAYABLE:

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

	1995	1994
ESOP Notes Payable:		
Series A, 8.32%, due April 30, 2001	\$174,067	\$185,172
Series B, 8.49%, due April 30, 2004	203,964	203,964
	-----	-----
	\$378,031	\$389,136
	=====	=====

The scheduled principal payments for the Series A ESOP Note for the next five years and thereafter are as follows: 1996 - \$15,474,000; 1997 - \$20,228,000; 1998 - \$25,385,000; 1999 - \$31,118,000; 2000 - \$37,354,000; and thereafter - \$44,508,000. Principal payments on the Series B ESOP Note begin in 2002. As of December 31, 1995 and 1994, the total fair value of the ESOP Notes was approximately \$468,290,000 and \$454,292,000, respectively.

5. RECONCILIATION TO FORM 5500:

As of December 31, 1995 and 1994, the Plan had approximately \$16,340,000 and \$12,148,000, 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, 1995 (thousands):

	Benefits Payable to Participants	Benefits Paid	Net Assets Available for Benefits
Per financial statements	\$ -	\$82,366	\$896,565
Pending benefit distributions - December 31, 1995	16,340	16,340	(16,340)
Pending benefit distributions - December 31, 1994	-	(12,148)	-
	-----	-----	-----
Per Form 5500	\$16,340	\$86,558	\$880,225
	=====	=====	=====

6. DISTRIBUTION OF ASSETS UPON TERMINATION OF THE 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.

7. SUBSEQUENT EVENT:

In January 1996, May announced the "spin-off" of Payless ShoeSource, Inc. (Payless) to common shareholders of May. A separate defined contribution profit sharing plan for Payless was established April 1, 1996, and an asset transfer of associate accounts was made from the Plan to the Payless Plan in April 1996. The amount of the asset transfer was approximately \$68,971,000.

SCHEDULE I

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, 1995

(a)	(b) Identity of Issue	(c) Number of Shares or Principal Amount	(d) Cost	(e) Fair Value (Thousands)
ESOP PREFERENCE FUND				
*	The May Department Stores Company 7.5% ESOP Preference Stock:			
	Unallocated	563,016	\$285,449	\$ 485,970
	Member allocated	160,344	81,295	138,402
	ESOP Preference Fund Total		\$366,744	\$ 624,372
			=====	=====
MAY COMMON STOCK FUND				
*	The May Department Stores Company Common Stock	11,504,123	\$230,835	\$ 484,611
*	The Bank of New York Short-Term Investment Fund- Master Notes	\$ 3,515,046	3,515	3,515
	May Common Stock Fund Total		\$234,350	\$ 488,126
			=====	=====
MONEY MARKET FUND				
*	The Bank of New York Short-Term Investment Fund- Master Notes	\$56,131,649	\$ 56,132	\$ 56,132
			=====	=====
COMMON STOCK INDEX FUND				
	Chase Investors Commingled Equity Index Fund	117,694	\$ 44,316	\$ 71,097
*	The Bank of New York Short-Term Investment Fund- Master Notes	\$ 515,399	515	515
	Common Stock Index Fund Total		\$ 44,831	\$ 71,612
			=====	=====
FIXED INCOME INDEX FUND				
*	The Bank of New York Short-Term Investment Fund- Master Notes	\$ 770,656	\$ 771	\$ 771
			-----	-----

\* Also a party-in-interest.

SCHEDULE I  
(Continued)

(a)	(b) Identity of Issue	(c) Principal Amount	(d) Cost	(e) Fair Value (Thousands)
FIXED INCOME INDEX FUND (Continued)				
U.S. Government Securities				
U.S. Treasury Notes:				
	5.625%, due 8/31/97	\$ 5,000,000	\$ 5,007	\$ 5,032
	5.125%, due 6/30/98	\$ 4,300,000	4,201	4,291
	5.125%, due 12/31/98	\$ 3,300,000	3,168	3,289
	7.875%, due 11/15/04	\$ 2,500,000	2,793	2,894
	7.125%, due 9/30/99	\$ 2,000,000	2,004	2,121
	5.5%, due 4/15/00	\$ 2,000,000	1,835	2,017
	6.125%, due 9/30/00	\$ 1,550,000	1,571	1,597
	6.875%, due 2/28/97	\$ 1,400,000	1,397	1,426
	7.75%, due 1/31/00	\$ 1,200,000	1,223	1,303
	5.875%, due 2/15/04	\$ 1,000,000	902	1,021
	6.5%, due 8/15/05	\$ 1,000,000	1,058	1,065
	Strip, due 11/15/96	\$ 1,000,000	872	956
	6.25%, due 2/15/03	\$ 1,000,000	1,042	1,043
	6.375%, due 8/15/02	\$ 800,000	817	839
	8.75%, due 8/15/00	\$ 700,000	829	795
	Total U.S. treasury notes		28,719	29,689
U.S. Government Agency Securities:				
Federal Home Loan Bank Consumer Bonds-				
	7.7%, due 8/26/96	\$ 650,000	695	660
	8%, due 7/25/96	\$ 150,000	139	152
Federal Home Loan Mortgage Corporation-				
	6.22%, due 3/24/03	\$ 200,000	182	205
Federal National Mortgage Association Securities-				
	8.35%, due 11/10/99	\$ 400,000	410	439
	8%, due 7/10/96	\$ 200,000	191	203
Debentures-				
	9.55%, due 12/10/97	\$ 400,000	407	431
	7.65%, due 3/10/05	\$ 200,000	204	224
International Bank for Recon & Dev BD-				
	5.875%, due 7/16/97	\$ 400,000	402	403
Tennessee Valley Authority, Power Bond 1992 Series F, 6.875%, due 8/1/02				
		\$ 300,000	310	305
	Total U.S. government agency securities		2,940	3,022
	Total U.S. government securities		31,659	32,711

SCHEDULE I  
(Continued)

(a)	(b) Identity of Issue	(c) Principal Amount	(d) Cost	(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	\$ 433
	Republic NY Corporation, 7.25%, due 7/15/02	\$ 100,000	98	106
	Total bank corporate bonds		----- 506	----- 539
Finance and Insurance Corporate Bonds:				
	American Express Company, 8.5%, due 8/15/01	\$ 200,000	201	225
	Commercial Credit Corporation, 8.125%, due 3/1/97	\$ 200,000	179	205
	Ford Motor Credit Co., 6.25%, due 2/26/98	\$ 500,000	506	507
	Total finance and insurance corporate bonds		----- 886	----- 937
Industrial Corporate Bonds:				
	Coca Cola Company, 7.875%, due 9/15/98	\$ 300,000	305	317
	Eli Lilly & Co., 8.125%, due 12/1/01	\$ 200,000	199	222
	Hertz Corporation Jr Sub NT, 7.0%, due 7/15/03	\$ 350,000	354	361
	Hertz Corporation, 6.0%, due 2/1/01	\$ 200,000	191	200
	Philip Morris Companies, Inc., 8.625% due 3/1/99	\$ 300,000	297	323
	The Limited, Inc., 7.8%, due 5/15/02	\$ 400,000	396	430
	Total industrial corporate bonds		----- 1,742	----- 1,853
Oil Corporate Bond:				
	Tenneco Inc., 7.875%, due 10/1/02	\$ 300,000	298	328
Telephone Corporate Bond:				
	Northern Telcom Ltd., 8.25%, due 6/13/96	\$ 300,000	303	303
Utilities Corporate Bonds:				
	Consolidated Edison Company of New York, 1st and Refunding Mortgage Note, 5.9%, due 12/15/96	\$ 300,000	282	300
	Duke Power Company, 1st and Refunding Mortgage Note, 7%, due 6/1/00	\$ 195,000	203	202
	General Electric Cap Corp., 8.85%, due 4/1/05	\$ 400,000	485	478
	Total utilities corporate bonds		----- 970	----- 980

SCHEDULE I  
(Continued)

(a)	(b) Identity of Issue	(c) Principal Amount	(d) Cost	(e) Fair Value (Thousands)
FIXED INCOME INDEX FUND (Continued)				
Foreign Obligations:				
	Denmark Kingdom Note, 7.75%, due 12/15/96	\$ 200,000	\$ 193	\$ 204
	Finland Rep NT, 7.875%, due 7/28/04	\$ 150,000	150	169
	Hydro-Quebec Debenture, Series IF, 7.375%, due 2/1/03	\$ 200,000	215	213
	Province of Ontario, Canada Debenture, 8%, due 10/17/01	\$ 200,000	200	220
	Total foreign obligations		----- 758	----- 806
	Total fixed income investments		5,463	5,746
	Fixed Income Index Fund Total		----- \$ 37,893	----- \$ 39,228
			=====	=====
DISTRIBUTION ACCOUNT				
*	The Bank of New York Short-Term Investment Fund- Master Notes	\$ 1,660,531	\$ 1,660	\$ 1,660
			=====	=====
	TOTAL ASSETS HELD FOR INVESTMENT PURPOSES AT DECEMBER 31, 1995		\$741,610	\$1,281,130
			=====	=====

\* 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, 1995  
 (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)	285	\$104,556	216	\$101,037	\$101,037	\$ -
The May Department Stores Company Common Stock (1) (2)	40	35,590	40	26,200	49,689	23,489
		----- \$140,416 =====		----- \$127,237 =====	----- \$150,726 =====	----- \$23,489 =====

(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, 33-51849 and 333-00957.

ARTHUR ANDERSEN LLP

St. Louis, Missouri,  
April 24, 1996

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