FORM 10-K405

MAY DEPARTMENT STORES CO - MAY

Exhibit:

Filed: April 23, 1997 (period: February 01, 1997)

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

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

(Mark one)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended February 1, 1997
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)

Delaware	43-1104396
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
611 Olive Street, St. Louis, Missouri	63101
(Address of principal executive offices)	(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. [X]

Aggregate market value of registrant's common stock held by non-affiliates as of March 24, 1997: $10,760,871,413

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 234,648,732 shares of common stock, $.50 par value, as of April 5, 1997.

Documents incorporated by reference:

1. Portions of Registrant's 1996 Annual Report to Shareowners are incorporated into Parts I and II.
2. Portions of Registrant's 1997 Proxy Statement, dated April 17, 1997, are incorporated into Part III.

PART I

Items 1 and 2. Business and Description of Property

Registrant, a corporation organized under the laws of the State of Delaware, became the successor to The May Department Stores Company, a New York corporation ("May NY") in a reincorporation from New York to Delaware pursuant to a statutory share exchange. May NY 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. At the shareowners' annual meeting on May 24, 1996, the shareowners approved the change of the state of incorporation from New York to Delaware. The reincorporation in Delaware was accomplished by means of a statutory share exchange, whereby each share of common stock of May NY (and associated preferred stock purchase right), outstanding prior to the filing of a "Certificate of Exchange" by the Department of State of the State of New York, was exchanged for one share of common stock of registrant. As a result of the share exchange, May NY became a wholly owned subsidiary of registrant.

Registrant operates eight quality regional department store companies nationwide using ten trade names. At fiscal year-end 1996, registrant operated 365 department stores in 30 states and the District of Columbia. The department store companies and the markets served are shown in the table below.

Store Company	Markets Served
Lord & Taylor	24 markets including New York City, Chicago, Boston, Washington, D.C., Detroit, Dallas/Fort Worth, Atlanta and Miami
Hecht's and Strawbridge's	17 markets including Washington, D.C., Philadelphia (Strawbridge's), Baltimore, Norfolk, and Richmond
Foley's	15 markets, including Houston, Dallas/Fort Worth, Denver, San Antonio, and Oklahoma City
Robinsons-May	10 markets, including Los Angeles, San Diego, Orange County, Phoenix, and Riverside/San Bernardino
Kaufmann's	20 markets, including Pittsburgh, Cleveland, Buffalo, Rochester, Akron and Syracuse
Filene's	16 markets, including Boston, New Haven, Hartford, Providence, R.I., and Albany
Famous Barr and L.S. Ayres	14 markets, including St. Louis, Indianapolis (L.S. Ayres), Fort Wayne and South Bend
Meier & Frank	Four markets: Portland/Vancouver, Salem, Eugene and Medford

On January 17, 1996, registrant announced the spin-off of Payless ShoeSource, Inc., its chain of self-service family shoe stores. The spin-off was completed effective May 4, 1996 as a tax-free distribution to shareowners.

On July 18, 1996, registrant purchased 13 former Strawbridge & Clothier department stores in the greater Philadelphia area. Registrant delivered 4.5 million shares of May common stock and assumed $255 million of debt and certain other liabilities in exchange for the Strawbridge & Clothier department store assets. The acquisition was accounted for as a purchase.

Registrant employs approximately 53,000 full-time and 58,000 part-time associates in 30 states, the District of Columbia and eight offices overseas.

Management's Discussion and Analysis (pages 12-16) of registrant's 1996 Annual Report to Shareowners is incorporated herein by reference.

A. Property Ownership

The following summarizes the property ownership of department stores at February 1, 1997:

	Number of Stores	% of Gross Building Sq. Footage
Entirely or mostly owned*	204	60%
Entirely or mostly leased	98	26
Owned on leased land*	63	14
	365	100%

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

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 1, 1997, 50.0% of the total revenues of registrant's department stores were made through registrant's credit plans.

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 fiscal 1996, MBA and MBO extended credit to customers of registrant's Lord & Taylor (effective October 1, 1996), Hecht's (effective October 1, 1996), Strawbridge's (effective August 1, 1996), Robinsons-May, Kaufmann's, Famous-Barr (effective October 1, 1996), L.S. Ayres and Meier & Frank department stores companies. Throughout 1996, MBA and MBO sold the resulting accounts receivables at face value, to May NY. 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 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.

D. Executive Officers of Registrant

The names and ages (as of April 17, 1997) 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	63	Chairman and Chief Executive Officer
Jerome T. Loeb	56	President
Richard L. Battram	62	Executive Vice Chairman
Eugene S. Kahn	47	Vice Chairman
Anthony J. Torcasio	51	President and Chief Executive Officer, May Merchandising Company
John L. Dunham	50	Executive Vice President and Chief Financial Officer
Louis J. Garr, Jr.	57	Executive Vice President and General Counsel
R. Dean Wolfe	53	Executive Vice President
William D. Edkins	44	Senior Vice President
Lonny J. Jay	55	Senior Vice President
Jan R. Kniffen	48	Senior Vice President
Richard A. Brickson	49	Secretary and Senior Counsel
Martin M. Doerr	42	Vice President
Andrew T. Hall	36	Vice President

Each of the above named executive officers shall remain in office until the annual meeting of directors following the next annual meeting of shareowners of registrant, or until their respective successors shall have been elected and shall qualify. Messrs. Farrell, Loeb, Battram, Kahn and Torcasio 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 department store company 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 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. Dunham served as chairman of the former G. Fox department store company from 1989 to 1993 and as chairman of May Merchandising Company from 1993 to May, 1996 when he 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 1, 1997.

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 1996 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 1996 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 1996 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 1996 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) Quarter	First	Second	Third	Fourth	1996 Year
Revenues	$ 2,511	$ 2,533	$ 2,855	$ 4,101	$ 12,000
Cost of sales	$ 1,755	$ 1,773	$ 2,004	$ 2,694	$ 8,226
Net Earnings:					
Continuing operations	$ 98	$ 110	$ 118	$ 423	$ 749
Discontinued operation	11	-	-	-	11
Before extraordinary loss	109	110	118	423	760
Extraordinary loss related to early extinguishment of debt	-	-	-	(5)	(5)
Net Earnings	109	110	118	418	755
Primary earnings per share:					
Continuing operations	$ 0.37	$ 0.42	$ 0.45	$ 1.70	$ 2.94
Discontinued operation	0.05	-	-	-	0.05
Before extraordinary loss	0.42	0.42	0.45	1.70	2.99
Extraordinary loss related to early extinguishment of debt	-	-	-	(0.02)	(0.02)
Primary earnings per share	0.42	0.42	0.45	1.68	2.97
Fully diluted earnings per share:					
Continuing operations	$ 0.36	$ 0.41	$ 0.44	$ 1.61	$ 2.82
Discontinued operation	0.05	-	-	(0.01)	0.04
Before extraordinary loss	0.41	0.41	0.44	1.60	2.86
Extraordinary loss related to early extinguishment of debt	-	-	-	(0.02)	(0.02)
Fully Diluted Earnings Per Share	$ 0.41	$ 0.41	$ 0.44	$ 1.58	$ 2.84

(millions, except per share) Quarter		First		Second		Third		Fourth		1995 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
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		0.13		0.10		(0.12)		0.22
Before extraordinary loss		0.44		0.54		0.52		1.45		2.95
Extraordinary loss related to early extinguishment of debt		-		-		-		(0.01)		(0.01)
Primary earnings per share		0.44		0.54		0.52		1.44		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
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

SUMMARIZED FINANCIAL INFORMATION - THE MAY DEPARTMENT STORES COMPANY, NEW YORK. At the shareowners' annual meeting on May 24, 1996, the shareowners approved the change of the state of incorporation of The May Department Stores Company from New York to Delaware. This transaction did not result in any change in the business or the consolidated assets, liabilities or net worth of the reincorporated entity.

Summarized financial information for The May Department Stores Company, New York, is set forth below for 1996. Corresponding information for fiscal year 1995 is not included below as amounts reflected in the respective consolidated financial statements reflect information for The May Department Stores Company, New York.

	February 1, 1997
Balance Sheet	
Current assets	$ 5,415
Noncurrent assets	5,008
Current liabilities	1,912
Noncurrent liabilities	7,673

	February 1, 1997	
	13 Weeks Ended	52 Weeks Ended
Statement of Earnings		
Revenues	4,101	12,000
Cost of sales	2,694	8,225
Net earnings	377	662

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 17, 1997, 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 1996 Annual Report to Shareowners (Exhibit 13):

	Page in Annual Report
Financial Statements-	
Consolidated Statement of Earnings for the three fiscal years ended February 1, 1997	17
Consolidated Balance Sheet - February 1, 1997, and February 3, 1996	18
Consolidated Statement of Cash Flows for the three fiscal years ended February 1, 1997	19
Consolidated Statement of Shareowners' Equity for the three fiscal years ended February 1, 1997	20
Notes to Consolidated Financial Statements	21-27
Report of Independent Public Accountants	30

(2) Supplemental Financial Statement Schedule (for the three fiscal years ended February 1, 1997):

	Page in this Report
Report of Independent Public Accountants on Schedule II	13
II Valuation and Qualifying Accounts	14

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

(3) Exhibits:

Exhibit	Description	Location
3(a)	Amended and Restated Certificate of Incorporation of Registrant, dated May 22, 1996	Incorporated by Reference to Exhibit 4(a) of Post Effective Amendment No. 1 to Form S-8, filed May 29, 1996.
3(b)	By-Laws of Registrant, as amended	Incorporated by Reference to Exhibit 3(ii) of Form 10-Q, filed December 10, 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 1996 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 13 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, 1996	Filed herewith.

(4) Reports on Form 8-K

A report dated November 4, 1996 which contained a copy of the Underwriting Agreement dated October 30, 1996, among registrant, The May Department Stores Company, New York, Morgan Stanley & Co. Incorporated, Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Citicorp Securities, Inc.; and a specimen of 6.875% debentures due November 1, 2005.

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 23, 1997

By: /s/ John L. Dunham
John L. Dunham
Executive Vice 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 23, 1997	/s/ David C. Farrell David C. Farrell	Director, Chairman and Chief Executive Officer
	Principal Financial and Accounting Officer:	
April 23, 1997	/s/ John L. Dunham John L. Dunham	Executive Vice President and Chief Financial Officer
	Directors:	
April 23, 1997	/s/ Jerome T. Loeb Jerome T. Loeb	Director and President

Date		Signature	Title
April 23, 1997	/s/	Richard L. Battram Richard L. Battram	Director and Executive Vice Chairman
April 23, 1997	/s/	Eugene S. Kahn Eugene S. Kahn	Director and Vice Chairman
April 23, 1997	/s/	Anthony J. Torcasio Anthony J. Torcasio	Director, President and Chief Executive Officer, May Merchandising Company
April 23, 1997	/s/	Helene L. Kaplan Helene L. Kaplan	Director
April 23, 1997	/s/	Edward H. Meyer Edward H. Meyer	Director
April 23, 1997	/s/	Russell E. Palmer Russell E. Palmer	Director
April 23, 1997	/s/	Michael R. Quinlan Michael R. Quinlan	Director
April 23, 1997	/s/	William P. Stiritz William P. Stiritz	Director
April 23, 1997	/s/	Robert D. Storey Robert D. Storey	Director
April 23, 1997	/s/	Murray L. Weidenbaum Murray L. Weidenbaum	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 12, 1997. 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 12, 1997

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 1, 1997 into the Company's previously filed Registration Statements on Form S-3 (No. 333-11539 and 333-11539-01) and Form S-8 (No. 33-21415, 33-98045, 33-58985, 333-00957 and 333-02127).

ARTHUR ANDERSEN LLP
1010 Market Street
St. Louis, Missouri 63101-2089
April 23, 1997

THE MAY DEPARTMENT STORES COMPANY AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS

FOR THE THREE FISCAL YEARS ENDED February 1, 1997

(Millions)

	Balance beginning of period	Charges to costs and expenses	Deductions (a)	Balance end of period
FISCAL YEAR ENDED FEBRUARY 1, 1997 Allowance for doubtful accounts	$ 75	$ 116	$ (87)	$ 104
FISCAL YEAR ENDED FEBRUARY 3, 1996 Allowance for doubtful accounts	$ 69	$ 88	$ (82)	$ 75
FISCAL YEAR ENDED JANUARY 28, 1995: Allowance for doubtful accounts	$ 68	$ 77	$ (76)	$ 69

(a) Write-off of accounts determined to be uncollectible, net of recoveries of $26 million in 1996, $24 million in 1995 and $23 million in 1994.

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
The May Department Stores Company	New York
May Capital, Inc.	Delaware
May Funding, Inc.	Nevada
Leadville Insurance Company	Vermont

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Exhibit 11

THE MAY DEPARTMENT STORES COMPANY
COMPUTATION OF NET EARNINGS PER SHARE
FOR THE THREE FISCAL YEARS ENDED FEBRUARY 1, 1997

(millions, except per share)	1996	1995	1994
Net earnings from continuing operations	$ 749	$ 700	$ 650
ESOP Preferred Dividends, net of tax benefit on unallocated shares	(18)	(19)	(19)
Preferred Dividend requirements	-	-	-
Net earnings available for common shareowners:			
Continuing operations	731	681	631
Discontinued operation	11	55	132
Extraordinary loss	(5)	(3)	-
Total net earnings available for common shareowners	$ 737	$ 733	$ 763
Average common shares outstanding	247.2	248.9	248.4
Net earnings per share:			
Continuing operations	$ 2.95	$ 2.73	$ 2.54
Discontinued operation	0.05	0.22	0.53
Extraordinary loss	(0.02)	(0.01)	-
Total net earnings per share	$ 2.98	$ 2.94	$ 3.07
Primary Computation:			
Net earnings available from continuing operations	$ 731	$ 681	$ 631
Deferred comp. dividend adjustment	1	1	1
Adjusted net earnings available:			
Continuing operations	732	682	632
Discontinued operation	11	55	132
Extraordinary loss	(5)	(3)	-
Total adjusted net earnings available:	$ 738	$ 734	$ 764
Average common shares outstanding	247.2	248.9	248.4
Common share equivalents (CSE's)	1.5	1.0	1.2
Average common stock and CSE's	248.7	249.9	249.6
Primary earnings per share:			
Continuing operations	$ 2.94	$ 2.73	$ 2.53
Discontinued operation	0.05	0.22	0.53
Extraordinary loss	(0.02)	(0.01)	-
Total Primary Earnings per share	$ 2.97	$ 2.94	$ 3.06

Exhibit 11

THE MAY DEPARTMENT STORES COMPANY
COMPUTATION OF NET EARNINGS PER SHARE
FOR THE THREE FISCAL YEARS ENDED FEBRUARY 1, 1997

(millions, except per share)	1996	1995	1994
Fully Diluted Computation:			
Adjusted net earnings available from continuing operations-PRIMARY	$ 732	$ 682	$ 632
Earnings impact of assumed conversion of ESOP Preference Shares, net of tax benefit on unallocated common shares	12	11	10
Adjusted net earnings available-FULLY DILUTED:			
Continuing operations	744	693	642
Discontinued operation	11	55	132
Extraordinary loss	(5)	(3)	-
Total adjusted net earnings available-FULLY DILUTED:	$ 750	$ 745	$ 774
Average common shares and CSE's	248.7	249.9	249.6
Additional CSE's attributable to treasury stock method	-	0.4	-
ESOP Preference Shares	15.4	15.0	15.3
Average Common Shares Outstanding on fully diluted basis	264.1	265.3	264.9
Fully Diluted earnings per share:			
Continuing operations	$ 2.82	$ 2.61	$ 2.43
Discontinued operation	0.04	0.21	0.49
Extraordinary loss	(0.02)	(0.01)	-
Total Fully Diluted Earnings per share	$ 2.84	$ 2.81	$ 2.92

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Exhibit 12

THE MAY DEPARTMENT STORES COMPANY AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
FOR THE FIVE FISCAL YEARS ENDED FEBRUARY 1, 1997

	Fiscal Year Ended				
	Feb. 1, 1997	Feb. 3, 1996	Jan. 28, 1995	Jan. 29, 1994	Jan. 30, 1993
Earnings Available for Fixed Charges:					
Pretax earnings from continuing operations	$ 1,232	$ 1,160	$ 1,079	$ 957	$ 579
Fixed charges (excluding interest capitalized and pretax preferred stock dividend requirements)	346	317	293	305	361
Dividends on ESOP Preference Shares	(26)	(28)	(28)	(28)	(29)
Capitalized interest amortization	6	5	4	4	3
	1,558	1,454	1,348	1,238	914
Fixed Charges:					
Gross interest expense (a)	$ 341	$ 316	$ 289	$ 295	$ 338
Interest factor attributable to rent expense	22	20	19	20	24
Other (b)	-	-	-	-	5
	363	336	308	315	367
Ratio of Earnings to Fixed Charges	4.3	4.3	4.4	3.9	2.5

(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 Dicussion 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 22nd 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 13.2% - among the best in the retail industry.

Sales in 1996 were $11.6 billion, an increase of 11.1% over 1995 sales of $10.5 billion. The increase reflects the benefit of new-store openings and an increase in store-for-store sales of 4.3%. Store-for-store sales increases for the first through fourth quarters in 1996 were 6.7%, 2.3%, 3.9%, and 4.4%, respectively.

Our 1996 earnings per share from continuing operations increased 8.0% to $2.82 from last year's $2.61. Net earnings from continuing operations totaled $749 million, compared with $700 million last year. Returns on revenues, equity, and continuing operations' net assets were 6.2%, 19.4%, and 18.8%, respectively. Return on equity is computed as net earnings from continuing operations divided by beginning shareowners' equity adjusted for the Payless spin-off.

We opened 28 department stores during 1996, adding 5.2 million square feet of retail space. Four of these stores were Lord & Taylor locations, in Paramus, N.J.; Gaithersburg, Md.; Fairfax, Va.; and Woodbridge, N.J. Hecht's opened 14 locations, 13 of which were acquired Strawbridge & Clothier stores. These include eight Pennsylvania locations, in Philadelphia, Willow Grove, Exton, Bensalem, Plymouth Meeting, Springfield, Ardmore, and King of Prussia; three New Jersey locations, in Cherry Hill, Voorhees, and Burlington; two Delaware locations, in Newark and Wilmington; and one Virginia location, in Manassas. Foley's opened two Texas stores, in Sugarland and Laredo; one location in Albuquerque, N.M.; and one location in Tulsa, Okla. Robinsons-May opened one location in Henderson, Nev. Kaufmann's opened one store in Strongsville, Ohio. Filene's opened two locations, in Marlborough, Mass.; and Manchester, N.H. Famous-Barr opened two locations, a Famous-Barr store in Evansville, Ind., and an L.S. Ayres store in Muncie, Ind.

In addition, we remodeled 22 department stores in 1996, totaling 1.8 million retail square feet, which included the expansion of 12 stores by 405,000 square feet. At fiscal year-end, May operated 365 department stores in 30 states and the District of Columbia.

Nine department stores were closed during the year, resulting in a net increase of 19 department stores and 4.0 million square feet of retail space. This is the third 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.

During 1996, the company purchased 13 former Strawbridge & Clothier department stores in the greater Philadelphia area. These stores were added to the existing Hecht's stores in Philadelphia. All operate under the name Strawbridge's. The Strawbridge's operation enjoys a strong leadership position in Philadelphia.

The company delivered 4.5 million shares of May common stock and assumed $255 million of debt and certain other liabilities in exchange for the Strawbridge & Clothier department store assets. Subsequent to the transaction, the company repurchased 4.5 million shares in the open market.

In addition to the repurchase of 4.5 million shares, the company used its financial strength to purchase 12.7 million shares for $600 million. These stock purchases and corresponding borrowings result in a capital structure that is better balanced for shareowners and debtholders.

In February 1997, the company announced plans to repurchase up to $300 million of May common stock.

In May 1996, May completed the spin-off of Payless ShoeSource, Inc. ("Payless"), a self-service family shoe store subsidiary, as a tax-free distribution to shareowners. Payless is reported as a discontinued operation.

Our expansion program for 1997 includes 13 new department stores, totaling 2.0 million square feet of retail space. In addition, the company plans to remodel 29 department stores totaling 2.4 million square feet of retail space, which includes the expansion of 13 stores by a total of 430,000 square feet. The 1997-2001 new-store plan would add 100 new department stores totaling 15 million retail square feet, a 4% net annualized increase in department store square footage. During this five-year period, May plans to invest $1.7 billion for new stores, $650 million to expand and remodel existing stores, and $560 million related to systems and operations. These are the major components of a $3.4 billion capital plan.

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Earnings per share from continuing operations	$0.83	$1.03	$1.23	$1.50	$1.51	$1.52	$1.76	$2.15	$2.43	$2.61	$2.82

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Net retail sales from continuing operations (in billions)	$4.3	$4.7	$6.2	$7.0	$7.5	$7.9	$8.4	$9.0	$9.7	$10.5	$11.6

REVIEW OF OPERATIONS

Net earnings from continuing operations totaled $749 million in 1996, compared with $700 million in 1995 and $650 million in 1994. Return on revenues was 6.2% in 1996, compared with 6.4% in 1995 and 1994. Fully diluted earnings per share from continuing operations reached $2.82 in 1996, compared with $2.61 in 1995 and $2.43 in 1994.

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

(DOLLARS IN MILLIONS, EXCEPT PER SHARE)	1996 $	1996 PERCENT OF REVENUES	1995 $	1995 PERCENT OF REVENUES	1994 $	1994 PERCENT OF REVENUES
NET RETAIL SALES	$ 11,650		$ 10,484		$ 9,748	
Revenues	$ 12,000	100.0%	$ 10,952	100.0%	$ 10,107	100.0%
Cost of sales	8,226	68.5	7,461	68.1	6,879	68.1
Selling, general and administrative expenses	2,265	18.9	2,081	19.0	1,916	18.9
Interest expense, net	277	2.3	250	2.3	233	2.3
Earnings before income taxes	1,232	10.3	1,160	10.6	1,079	10.7
Provision for income taxes*	483	39.3	460	39.7	429	39.7
NET EARNINGS	$ 749	6.2%	$ 700	6.4%	$ 650	6.4%
FULLY DILUTED EARNINGS PER SHARE	$ 2.82		$ 2.61		$ 2.43	

<FN>
* Percent of Revenues column represents effective income tax rate.

Fiscal 1995 included 53 weeks; however, 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)	1996	1995	1994	INCREASE 1996	INCREASE 1995
Operating earnings	$ 1,509	$ 1,410	$ 1,312	7.0%	7.5%
Percent of revenues	12.6%	12.9%	13.0%		

EBIT presented above includes a LIFO (last-in, first out) credit of $20 million, $53 million, and $46 million in 1996, 1995, and 1994, respectively.

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

(DOLLARS IN MILLIONS)	1996	1995	1994	INCREASE 1996	INCREASE 1995
Operating earnings	$ 1,489	$ 1,357	$ 1,266	9.6%	7.2%
Percent of revenues	12.4%	12.4%	12.5%		

May's 365 quality department stores are operated by eight regional department store companies across the United States, operating under 10 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:

STORE COMPANY AND HEADQUARTERS	NET RETAIL SALES IN MILLIONS OF DOLLARS 1996	1995	SALES PER SQUARE FOOT 1996	1995	BUILDING AREA SQUARE FOOTAGE IN THOUSANDS 1996	1995	NUMBER OF STORES 1996	NEW	CLOSED	1995

Lord & Taylor, New York City	$1,718	$1,574	$241	$233	7,473	7,131	59	4	2	57
Hecht's, Washington, D.C.										
(Strawbridge's in Philadelphia)	2,159	1,650	193	207	12,787	10,455	71	14	5	62
Foley's, Houston	1,801	1,693	180	180	10,603	9,896	55	4	-	51
Robinsons-May, Los Angeles	1,751	1,562	185	170	9,808	9,568	54	1	-	53
Kaufmann's, Pittsburgh	1,447	1,394	191	201	7,968	7,747	47	1	-	46
Filene's, Boston	1,364	1,261	232	236	6,255	5,884	40	2	1	39
Famous-Barr, St. Louis										
(L.S. Ayres in Indianapolis)	1,022	983	201	201	5,454	5,189	31	2	1	30
Meier & Frank, Portland, Ore.	388	367	225	213	1,768	1,770	8	-	-	8
The May Department Stores Company	$11,650	$10,484	$201	$201	62,116	57,640	365	28	9	346

<FN>
Net retail sales represent sales of stores open at the end of 1996.
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.

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Year-end dividend rate per common share	$0.52	$0.57	$0.64	$0.71	$0.79	$0.81	$0.83	$0.92	$1.04	$1.14	$1.16

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Sales per square foot	$138	$143	$158	$168	$172	$171	$179	$191	$200	$201	$201

NET RETAIL SALES. Net retail sales (see page 21 for definition) increases for 1996 and 1995 were as follows:

1996 VS. 1995		1995 VS. 1994		FIVE-YEAR
	STORE-FOR-		STORE-FOR-	COMPOUND
TOTAL	STORE	TOTAL	STORE	GROWTH RATE
11.1%	4.3%	7.5%	2.5%	8.2%

The total sales increase for 1996 reflects the opening of 28 new department stores and a 4.3% store-for-store increase. The total sales increase for 1995 includes the results of 37 new department stores and a 2.5% store-for-store increase.

Sales include leased and licensed department sales of $342 million, $311 million, and $290 million in 1996, 1995, and 1994, respectively. Revenues include finance charge revenues of $338 million, $340 million, and $334 million in 1996, 1995, and 1994, respectively. Finance charge revenues have remained relatively constant due to 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 $8.23 billion in 1996, compared with $7.46 billion in 1995, a 10.2% increase. The overall increase resulted from a 9.9% increase in sales (52 weeks in 1996 versus 53 weeks in 1995) and a decrease in the LIFO credit. As a percent of revenues, cost of sales increased 0.4% from 68.1% in 1995 to 68.5% in 1996. This increase was caused primarily by the decrease in the LIFO credit.

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 8.6% increase in sales. As a percent of revenues, cost of sales remained constant between 1995 and 1994 at 68.1%.

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

	1996	1995	1994
Cost of sales	68.5%	68.1%	68.1%
LIFO credit	(0.2)	(0.5)	(0.4)
Cost of sales before LIFO	68.7%	68.6%	68.5%

SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES. Selling, general, and administrative expenses were $2.27 billion in 1996, compared with $2.08 billion in 1995, an 8.9% increase. The overall increase was due to a 9.6% increase in revenues. As a percent of revenues, selling, general, and administrative expenses decreased 0.1% to 18.9% in 1996, compared with 19.0% in 1995, as an increase in bad-debt expense was offset by efficiencies across the other selling, general, and administrative expense components.

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 include advertising and sales promotion costs of $439 million, $404 million, and $370 million in 1996, 1995, and 1994, respectively.

INTEREST EXPENSE. Interest expense components were:

(DOLLARS IN MILLIONS)	1996	1995	1994
Interest expense	$310	$283	$256
Interest income	(16)	(14)	(8)
Capitalized interest	(17)	(19)	(15)
Interest expense, net	$277	$250	$233
Percent of revenues	2.3%	2.3%	2.3%

The increase in 1996 net interest expense from 1995 was due to increased average borrowings related to store growth, including the acquisition of certain assets of Strawbridge & Clothier, and financing the company's common stock repurchases.

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.

INCOME TAXES. The effective income tax rates were 39.3%, 39.7%, and 39.7% in 1996, 1995, and 1994, respectively.

The 1996 effective income tax rate of 39.3% decreased compared with 1995 as the company realized a partial-year benefit from our reincorporation in the state of Delaware and an overall decrease in our effective federal tax rate.

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Common stock price range:											
Low price	$15.94	$11.13	$14.38	$17.31	$18.69	$22.63	$26.00	$33.44	$32.25	$33.50	$40.50
High price	$22.06	$25.44	$20.00	$26.31	$29.56	$30.19	$37.25	$46.50	$45.13	$46.25	$52.25
Closing price	$21.31	$16.81	$18.75	$22.88	$22.75	$27.44	$35.19	$39.75	$35.13	$43.88	$44.50

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Book value per common share (1996 reflects the spin-off of Payless)	$ 8.50	$ 9.13	$10.75	$ 9.32	$10.04	$11.26	$12.82	$14.65	$16.65	$18.42	$15.41

IMPACT OF INFLATION. Inflation has not had a material impact on the company's 1996 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. In January 1996, the company announced its intention to spin off Payless, its chain of self-service family shoe stores. The spin-off was completed effective May 4, 1996, as a tax-free distribution to shareowners.

REVIEW OF 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 performance that places our return on equity in the top quartile of the retail industry. Return on beginning equity was 19.4% in 1996, compared with 20.8% in 1995, and 21.3% in 1994. The 1996 decrease results in part from our share repurchase. The cost of the share repurchase is included in interest expense with no corresponding reduction in beginning equity.

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 18.8% in 1996, compared with 20.1% in 1995 and 1994.

CASH FLOW. Cash flow from continuing operations (earnings plus depreciation/amortization) was $1.1 billion. This was 9.3% of revenues in 1996, compared with 9.4% in 1995 and 1994. The company's cash flow as a percent of revenues continues to be one of the highest in the retail industry, and it provides the company significant resources to invest in its business.

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

(MILLIONS)	1996	1995	1994
Earnings and depreciation/amortization	$1,122	$1,033	$947
Working capital (increases) decreases	142	(330)	(165)
Discontinued operation	(13)	97	(1)
Other operating activities	8	48	(17)
Investing activities	(603)	(871)	(580)
Net long-term debt issuances	412	444	118
Net purchases of common stock	(820)	(14)	(23)
Dividend payments	(305)	(296)	(270)
Increase (decrease) in cash and cash equivalents	$ (57)	$ 111	$ 9

FINANCING ACTIVITIES. Debt issuances for the second through fourth quarters of 1996 were $200 million, $475 million, and $125 million, respectively. Maturities range from 2005 to 2036, with interest rates ranging from 6.875% to 8.30%. The proceeds from the issuances were added to the company's general funds. They were available for stock repurchases, 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 fourth quarter of 1996, the company recorded an extraordinary aftertax loss of $5 million ($8 million pretax) as it retired $150 million of 9.125% debentures due to mature December 1, 2016.

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 March1, 2016. The debentures were called, effective March 1, 1996.

FINANCIAL CONDITION RATIOS. Our debt-to-capitalization and fixed charge coverage ratios are consistent with our capital structure objective. They provide us with substantial financial flexibility.

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Return on equity	15.7%	17.0%	18.6%	18.0%	21.8%	20.7%	21.5%	22.1%	21.3%	20.8%	19.4%

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Return on net assets from continuing operations	15.4%	15.7%	16.2%	16.9%	15.8%	14.5%	15.4%	19.0%	20.1%	20.1%	18.8%

The debt-to-capitalization ratios were 48%, 42%, and 41% for 1996, 1995, and 1994, 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. The 1996 debt-to-capitalization ratio increased because of the common stock repurchases previously discussed and debt assumed in the Strawbridge & Clothier transaction. See Profit Sharing on page 22 for discussion of the ESOP.

The fixed-charge coverage ratios were 4.1x in 1996, and 4.2x for 1995 and 1994. 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.

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

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 1997 will approximate $635 million. Capital expenditures for the 1997 - 2001 period are planned at $3.4 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 $500 million of additional debt securities.

COMMON STOCK DIVIDENDS AND MARKET PRICES. Our dividend policy is based on historical and expected earnings growth rates and capital investment requirements. Our objective is to increase dividends on common stock consistent with our long-term earnings growth. The 1997 annual dividend rate was increased by 3.4%, or $.04 per share, to $1.20 per share. This is the 22nd consecutive annual dividend increase. The new annual dividend rate of $1.20 per share was effective with the March 1997 dividend payment. Dividends paid have increased at a compound rate of 7.4% during the past five years. This rate is lower than the five-year compound earnings growth rate of 13.2% as, over time, we are adjusting our dividend payout ratio to reflect the spin-off of Payless. The company has paid consecutive quarterly dividends since December 1, 1911.

The quarterly price ranges of the common stock and dividends per share in 1996 and 1995 were:

	1996			1995		
	MARKET PRICE		DIVIDENDS	MARKET PRICE		DIVIDENDS
QUARTER	HIGH	LOW	PER SHARE	HIGH	LOW	PER SHARE
First	$51-7/8	$43-3/8	$ .28-1/2	$38	$33-1/2	$ .26
Second	52-1/4	40-1/2	.29	44-1/4	35-1/4	.28-1/2
Third	49-1/2	44-1/8	.29	45-3/8	37	.28-1/2
Fourth	49-5/8	43-5/8	.29	46-1/4	38-3/8	.28-1/2
Year	$52-1/4	$40-1/2	$1.15-1/2	$46-1/4	$33-1/2	$1.11-1/2

The approximate number of common shareowners as of March 1, 1997, was 43,100.

Effective May 4, 1996, the company distributed the common shares of Payless pro rata to May common shareowners of record on April 25, 1996. The May common stock price on May 8, 1996, was adjusted by the New York Stock Exchange from $50.00 per share to $45.25 per share, reflecting the impact of the distribution of the Payless common stock to May common shareowners.

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
(in millions)											
Cash flow from continuing operations	$ 454	$ 505	$ 599	$ 659	$ 657	$ 677	$ 755	$ 859	$ 947	$1,033	$1,122
Depreciation and amortization	$ 189	$ 187	$ 236	$ 234	$ 253	$ 273	$ 283	$ 281	$ 297	$ 333	$ 373
Net earnings	$ 264	$ 318	$ 362	$ 425	$ 404	$ 404	$ 472	$ 578	$ 650	$ 700	$ 749

[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)	1996	1995	1994
Net Retail Ssles	$11,650	$10,484	$ 9,748
Revenues	$12,000	$10,952	$10,107
Cost of sales	8,226	7,461	6,879
Selling, general, and administrative expenses	2,265	2,081	1,916
Interest expense, net	277	250	233
Total cost of sales and expenses	10,768	9,792	9,028
Earnings from continuing operations before income taxes	1,232	1,160	1,079
Provision for income taxes	483	460	429
NET EARNINGS FROM CONTINUING OPERATIONS	749	700	650
Net earnings from discontinued operation	11	55	132
Net earnings before extraordinary loss	760	755	782
Extraordinary loss related to early extinguishment of debt, net of income taxes	(5)	(3)	-
Net earnings	$ 755	$ 752	$ 782
Primary Earnings per Share:			
Continuing operations	$ 2.94	$ 2.73	$ 2.53
Discontinued operation	0.05	0.22	0.53
Net earnings before extraordinary loss	2.99	2.95	3.06
Extraordinary loss	(0.02)	(0.01)	-
Primary Earnings per Share	$ 2.97	$ 2.94	$ 3.06
FULLY DILUTED EARNINGS PER SHARE:			
CONTINUING OPERATIONS	$ 2.82	$ 2.61	$ 2.43
Discontinued operation	0.04	0.21	0.49
Net earnings before extraordinary loss	2.86	2.82	2.92
Extraordinary loss	(0.02)	(0.01)	-
Fully Diluted Earnings per Share	$ 2.84	$ 2.81	$ 2.92

<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 $10,588.

See Notes to Consolidated Financial Statements.

Consolidated Balance Sheet

(DOLLARS IN MILLIONS, EXCEPT PER SHARE)	FEBRUARY 1, 1997	FEBRUARY 3, 1996
ASSETS		
Current Assets:		
Cash	$ 12	$ 12
Cash equivalents	90	147
Accounts receivable, net	2,425	2,403
Merchandise inventories	2,380	2,134
Other current assets	128	169
Net current assets of discontinued operation	-	232
Total Current Assets	5,035	5,097
Property and Equipment:		
Land	287	238
Buildings and improvements	3,252	2,908
Furniture, fixtures, and equipment	2,765	2,416
Property under capital leases	68	75
Total property and equipment	6,372	5,637
Accumulated depreciation	(2,213)	(1,893)
Property and equipment, net	4,159	3,744
Goodwill	776	671
Other Assets	89	89
Net Noncurrent Assets of Discontinued Operation	-	521
Total Assets	$10,059	$10,122
LIABILITIES AND SHAREOWNERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$ 256	$ 132
Accounts payable	872	692
Accrued expenses	658	650
Income taxes payable	137	128
Total Current Liabilities	1,923	1,602
Long-term Debt	3,849	3,333
Deferred Income Taxes	401	378
Other Liabilities	223	204
ESOP Preference Shares	347	366
Unearned Compensation	(334)	(346)
Shareowners' Equity:		
Common stock	118	124
Additional paid-in capital	-	-
Retained earnings	3,532	4,461
Total Shareowners' Equity	3,650	4,585
Total Liabilities and Shareowners' Equity	$10,059	$10,122

Common stock has a par value of $.50 per share; 700 million shares are authorized and 313.6 million shares were issued. At February 1, 1997, 236.9 million shares were outstanding, and 76.7 million shares were held in treasury. At February 3, 1996, 248.9 million shares were outstanding, and 64.7 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 1, 1997, 685,050 shares (convertible into 15.4 million shares of common stock) were issued and outstanding. At February 3, 1996, 722,111 shares (convertible into 14.8 million shares of common stock) 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)	1996	1995	1994
OPERATING ACTIVITIES:			
Net earnings from continuing operations	$ 749	$ 700	$ 650
Net earnings from discontinued operation	11	55	132
Extraordinary loss related to early extinguishment of debt, net of income taxes	(5)	(3)	-
Net earnings	755	752	782
Adjustments for noncash items included in earnings:			
Depreciation and amortization	373	333	297
Deferred income taxes (noncurrent)	62	42	15
Deferred and unearned compensation	10	15	16
Working capital changes*	142	(330)	(165)
Other assets and liabilities, net	(59)	(6)	(48)
Total Operating Activities	1,283	806	897
INVESTING ACTIVITIES:			
Capital expenditures	(632)	(801)	(682)
Dispositions of property and equipment	53	20	106
Goodwill	(24)	(89)	-
Other	-	(1)	(4)
Cash provided by (used in) discontinued operation	(24)	42	(133)
Total Investing Activities	(627)	(829)	(713)
FINANCING ACTIVITIES:			
Issuances of long-term debt	800	600	200
Repayments of long-term debt	(388)	(156)	(82)
Purchases of common stock	(869)	(71)	(56)
Issuances of common stock	49	57	33
Dividend payments	(305)	(296)	(270)
Total Financing Activities	(713)	134	(175)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(57)	111	9
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	159	48	39
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 102	$ 159	$ 48
*Working capital changes comprise:			
Accounts receivable, net	$ 137	$ 29	$ (43)
Merchandise inventories	(211)	(321)	(166)
Other current assets	45	13	14
Accounts payable	180	(43)	(44)
Accrued expenses	(18)	(8)	(6)
Income taxes payable	9	-	80
Net decrease (increase) in working capital	$ 142	$(330)	$(165)
Cash paid during the year:			
Interest	$ 288	$ 268	$ 240
Income taxes	380	448	418

Noncash investing and financing activities include conversions of ESOP Preference Shares into common stock of $19 million, $8 million, and $7 million in 1996, 1995, and 1994, respectively.

See Notes to Consolidated Financial Statements.

Consolidated Statement of Shareowners' Equity

(DOLLARS IN MILLIONS, SHARES IN THOUSANDS)	OUTSTANDING COMMON STOCK SHARES	DOLLARS	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL SHAREOWNERS' EQUITY
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
Net earnings	-	-	-	755	755
Dividends paid:					
Common stock ($1.15-1/2 per share)	-	-	-	(287)	(287)
ESOP Preference Shares, net of tax benefit	-	-	-	(18)	(18)
Preferred stock	-	-	-	-	-
Common stock issued	6,646	3	258	-	261
Purchase of common stock	(18,591)	(9)	(258)	(602)	(869)
Distribution of equity in Payless ShoeSource, Inc.	-	-	-	(777)	(777)
BALANCE AT FEBRUARY 1, 1997	236,926	$ 118	$ -	$3,532	$3,650

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

	1996	1995	1994
BALANCE, BEGINNING OF YEAR	64,766	65,254	65,295
Common stock issued:			
Exercise of stock options	(997)	(1,419)	(677)
Deferred compensation plan	(150)	(158)	(181)
Restricted stock grants, net of forfeitures	(246)	(236)	(157)
Contribution to Profit Sharing Plan	-	(89)	(145)
Conversion of ESOP Preference Shares	(796)	(296)	(269)
Strawbridge & Clothier acquisition	(4,457)	-	-
	(6,646)	(2,198)	(1,429)
Purchase of common stock	18,591	1,710	1,388
BALANCE, END OF YEAR	76,711	64,766	65,254

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 years 1996, 1995, and 1994 ended on February 1, 1997, February 3, 1996, and January 28, 1995, respectively. Fiscal 1995 included 53 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 365 quality department stores. The consolidated financial statements reflect Payless ShoeSource, Inc. ("Payless"), as a discontinued operation through May 4, 1996. All the following notes, except Discontinued Operation on page 27, reflect data on a continuing operations basis.

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

NET RETAIL SALES AND REVENUES. Net retail sales (sales) represent sales of stores operating at the end of the latest period, and exclude finance charge revenues and the sales of stores that have been closed and not replaced. Sales include sales of merchandise and services, and sales from 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. Income taxes are 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 basis and the 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 number of shares of common stock 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 number of shares of common stock outstanding and common share equivalents used to calculate fully diluted earnings per share were 264.1 million, 265.3 million, and 264.9 million in 1996, 1995, and 1994, respectively. References to earnings per share in this annual report relate to fully diluted earnings per share.

STOCK-BASED COMPENSATION. In 1996, the company adopted the alternative under Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation," which allows for continued application of APB Opinion No. 25 in accounting for stock-based compensation.

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 $98 million and $118 million in 1996 and 1995, 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 $151 million and $129 million in 1996 and 1995, respectively.

LONG-LIVED ASSETS. Beginning in 1995, long-lived assets and certain identifiable intangibles to be held and used or disposed of were reviewed to determine whether the carrying amount of the asset was recoverable. No impairment losses needed to be recognized for applicable assets of continuing operations.

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.

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. They 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)					1996
QUARTER	FIRST	SECOND	THIRD	FOURTH	YEAR
Revenues	$2,511	$2,533	$2,855	$4,101	$12,000
Cost of sales	$1,755	$1,773	$2,004	$2,694	$ 8,226
NET EARNINGS FROM CONTINUING OPERATIONS	$ 98	$ 110	$ 118	$ 423	$ 749
Primary earnings per share from continuing operations	$ 0.37	$ 0.42	$ 0.45	$ 1.70	$ 2.94
FULLY DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	$ 0.36	$ 0.41	$ 0.44	$ 1.61	$ 2.82

(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

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.

	1996		1995	
QUARTER	PRO FORMA	AS REPORTED	PRO FORMA	AS REPORTED
First	$(0.01)	$ 0.02	$(0.02)	$ 0.02
Second	(0.01)	0.02	(0.03)	0.02
Third	(0.01)	0.00	(0.03)	0.00
Fourth	(0.02)	(0.09)	(0.04)	(0.16)
Year	$(0.05)	$(0.05)	$(0.12)	$(0.12)

ACQUISITIONS

On July 18, 1996, the company purchased 13 former Strawbridge & Clothier department stores in the greater Philadelphia area. The company delivered 4.5 million shares of May common stock and assumed $255 million of debt and certain other liabilities in exchange for the Strawbridge & Clothier department store assets.

In August 1995, the company purchased 14 John Wanamaker stores in the Philadelphia area and three Woodward & Lothrop stores in the Washington, D.C., area, for approximately $412 million. This acquisition was funded principally with long-term debt.

These asset acquisitions have been accounted for as purchases, and accordingly, the operating results of the acquired stores have been included in the company's consolidated results since the acquisition dates. The acquisitions did not have a material effect on the results of operations or financial position of the company in 1996 or 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 $43 million in 1996, representing a record effective match rate of 103%. The matching allocation value was $33 million and $29 million in 1995 and 1994, 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, or 788,955 shares, of a new class of convertible preference stock of the company (ESOP Preference Shares). Each share is currently convertible into 22.525 shares of common stock and has a stated value of $22.51 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 $363 million outstanding portion of the guaranteed ESOP debt is reflected on the consolidated balance sheet as 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 $31 million in 1996, $32 million in 1995, and $33 million in 1994. ESOP Preference Shares dividends were $26 million in 1996, and $28 million in 1995 and 1994. ESOP debt principal payments began in 1993. The release of ESOP Preference Shares is based upon debt-service payments, and the shares 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 it is amortized as principal is repaid.

The company's expense related to the Profit Sharing Plan was $22 million, $17 million, and $19 million in 1996, 1995, and 1994, respectively.

At February 1, 1997, 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. The Preference Shares are convertible into 15.4 million shares of the company's common stock, which represents 10.7% 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. It provides benefits based upon years of service and pay during employment. In addition, during 1996 the company assumed a fully funded qualified pension plan in connection with the acquisition of the Strawbridge & Clothier department store assets. This plan operates under provisions similar to those of the company's qualified plan. The acquired plan has an accumulated benefit obligation of $98 million and a pro-projected benefit obligation of $98 million. At February 1, 1997, the qualified plans' assets exceed the accumulated benefit obligation by $62 million.

The company also maintains a nonqualified supplementary retirement plan for certain associates. Further, the company assumed a similar nonqualified supplementary retirement plan from Strawbridge & Clothier with an accumulated benefit obligation of $13 million and a projected benefit obligation of $13 million.

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 for both the qualified and nonqualified plans.

QUALIFIED PLANS (FUNDED) (MILLIONS)	1996	1995
Actuarial Present Value of Benefit Obligations:		
Vested benefit obligation	$ 323	$ 213
Nonvested benefit obligation	24	16
Accumulated benefit obligation (ABO)	347	229
Estimated effect of future salary increases	33	35
Projected benefit obligation (PBO)	380	264
Plan assets at fair value (primarily equity and fixed income securities)	409	290
Plan assets in excess of PBO	29	26
Unrecognized obligation	1	1
Unrecognized gain	(32)	(30)
Unrecognized prior service cost	2	3
Accrued pension cost	$ 0	$ 0
Plan assets in excess of ABO	$ 62	$ 61

NONQUALIFIED PLANS (UNFUNDED) (MILLIONS)	1996	1995
Actuarial Present Value of Benefit Obligations:		
Vested benefit obligation	$ 59	$ 47
Nonvested benefit obligation	13	13
Accumulated benefit obligation (ABO)	72	60
Estimated effect of future salary increases	18	14
Projected benefit obligation (PBO)	90	74
Plan assets at fair value	0	0
Plan assets less than PBO	(90)	(74)
Unrecognized obligation	2	2
Unrecognized loss	3	3

Unrecognized prior service cost	13	18
Accrued pension cost	$ (72)	$ (51)
Plan assets less than ABO	$ (72)	$ (60)

The accrued pension cost is included in other liabilities on the accompanying balance sheet. Accrued pension cost principally represents amounts expensed but not yet contributed to the nonqualified supplementary retirement plans.

COMPONENTS OF PENSION EXPENSE (ALL PLANS)

(MILLIONS)	1996	1995	1994
Service cost	$27	$21	$22
Interest on PBO	24	22	19
Actual return on assets	(30)	(61)	6
Net amortization and deferral	10	46	(19)
Total	$31	$28	$28

ACTUARIAL ASSUMPTIONS

			JANUARY 1,
	1997	1996	1995
Discount rate	7.5 %	7.0 %	8.0 %
Expected return on plan assets	7.75	7.25	8.25
Salary increase	4.5	4.0	5.0

At the end of 1996, the discount rate was increased as a result of a general increase in interest rates during the year.

DEFINITIONS OF TERMS:
ABO is the actuarial present value of benefits (both vested and nonvested) attributed by the pension benefit formula to prior associate service; 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; it takes 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 $135 million in 1996 as its matching contribution to the $135 million paid in by associates.

The company maintains a postretirement benefit plan for certain associates. Benefits vary by the group of associates covered. They include fixed or variable benefits for life and/or health insurance. At the end of 1996, the company increased the discount rate assumption from 7.0% to 7.5%, which resulted in a $2 million decrease in the present value of future obligations.

As of February 1, 1997, the company's estimated present value of future obligations for postretirement benefits of $41 million is fully accrued in accordance with SFAS No. 106, "Employers' Accounting for Post-retirement Benefits Other Than Pensions." The estimated future obligations are based upon assumed annual health care cost increases of 11% for 1997, decreasing by 1% annually to 7% for 2001 and future years. A one-percentage-point increase/ decrease in the assumed annual health care cost increases would increase/decrease the present value of estimated future obligations for postretirement benefits by $1 million. The postretirement plan is unfunded. The postretirement expense was $3 million, $2 million, and $3 million in 1996, 1995, and 1994, respectively.

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

	1996		1995		1994	
(DOLLARS IN MILLIONS)	$	%	$	%	$	%
Federal	$344		$343		$331	
State and local	69		70		72	
Taxes currently payable	413	33.6%	413	35.7%	403	37.3%
Federal	58		40		22	
State and local	12		7		4	
Deferred taxes	70	5.7	47	4.0	26	2.4
Total	$483	39.3%	$460	39.7%	$429	39.7%

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

	1996	1995	1994
Statutory federal income tax rate	35.0%	35.0%	35.0%
State and local income taxes	6.6	6.7	7.2
Federal tax benefit of state and local income taxes	(2.3)	(2.3)	(2.5)
Other, net	-	0.3	-
Effective income tax rate	39.3%	39.7%	39.7%

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

(MILLIONS)	FEBRUARY 1, 1997	FEBRUARY 3, 1996
Accrued expenses and reserves	$ 130	$ 132
Deferred and other compensation	103	104
Depreciation/amortization and basis differences	(407)	(323)
Other deferred income tax liabilities, net	(155)	(173)
Net deferred income taxes	(329)	(260)
Less: Net current deferred income tax assets	72	118
Noncurrent deferred income taxes	$(401)	$(378)

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

ACCOUNTS RECEIVABLE
During 1996, credit sales under department store credit programs

were $6.0 billion, or 50.0% of 1996 department store revenues; this compares with 54.5% in 1995 and 57.3% in 1994. An estimated 30 million customers hold credit cards under the company's various credit programs. Sales made through third-party credit cards totaled $3.0 billion in 1996, compared with $2.4 billion in 1995 and $1.8 billion in 1994.

Net accounts receivable consisted of:

(MILLIONS)	FEBRUARY 1, 1997	FEBRUARY 3, 1996
Customer accounts receivable	$2,410	$2,377
Other accounts receivable	119	101
Total accounts receivable	2,529	2,478
Allowance for uncollectible accounts	(104)	(75)
Accounts receivable, net	$2,425	$2,403

OTHER CURRENT ASSETS

In addition to net current deferred income tax assets, other current assets consisted of prepaid expenses and supply inventories of $56 million and $51 million in 1996 and 1995, respectively.

OTHER ASSETS

Major components of other assets included:

(MILLIONS)	FEBRUARY 1, 1997	FEBRUARY 3, 1996
Notes receivable	$32	$37
Deferred debt expense	31	26

ACCRUED EXPENSES

Major components of accrued expenses included:

(MILLIONS)	FEBRUARY 1, 1997	FEBRUARY 3, 1996
Insurance costs	$197	$185
Salaries, wages, and employee benefits	105	89
Interest and rent expense	94	79
Sales and use and other taxes	91	96
Store closings and real estate-related	51	71
Advertising and other operating expenses	51	53
Construction costs	44	43

SHORT-TERM DEBT AND LINES OF CREDIT

Short-term borrowings for the last three years were:

(DOLLARS IN MILLIONS)	1996	1995	1994
Balance outstanding at year-end	-	-	-
Average balance outstanding	$ 35	$ 75	$ 83
Average interest rate on average balance	5.7%	6.2%	5.0%
Maximum balance outstanding	$178	$246	$317

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 $750 million available under a credit agreement. At February 1, 1997, there were no amounts outstanding under this agreement.

LONG-TERM DEBT

Long-term debt and capital lease obligations were:

(DOLLARS IN MILLIONS)	FEBRUARY 1, 1997	FEBRUARY 3, 1996
5.7% to 10.75% unsecured notes and sinking-fund debentures due 1997 - 2036	$3,981	$3,341
3.0% to 10.0% mortgage notes and bonds due 1997 - 2012	66	65
Debt	4,047	3,406
Capital lease obligations	58	59
Total debt and capital lease obligations	4,105	3,465
Less current maturities	256	132
Total long-term	$3,849	$3,333

In the second quarter of 1996, the company issued $200 million of 8.30% debentures due in 2026. During the 1996 third quarter, the company issued a total of $475 million in debt securities which comprised $200 million of 7.875% debentures due in 2036, $150 million of 7.45% debentures due in 2011, and $125 million of 7.45% debentures due in 2016. During the 1996 fourth quarter, the company issued $125 million of 6.875% debentures due in 2005. The proceeds from these issuances were added to the company's general funds. They were available for capital expenditures, working-capital needs, stock repurchases, the purchase of certain of the company's other indebtedness, and other general corporate purposes, including investments and acquisitions.

During the 1996 fourth quarter, the company called $150 million of 9.125% debentures due to mature December 1, 2016, and recorded an extraordinary aftertax loss of $5 million ($8 million pretax).

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 of 9.25% debentures due to mature March 1, 2016. The debentures were called on March 1, 1996.

The annual maturities of long-term debt, including sinking fund requirements, are $255 million, $237 million, $97 million, $250 million, and $83 million for 1997 through 2001, respectively.

The net book value of property and equipment encumbered under long-term debt agreements was $107 million at February 1, 1997.

LEASE OBLIGATIONS

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

(MILLIONS)	1996	1995	1994
Minimum rentals	$45	$38	$38
Contingent rentals based on sales	17	15	14
Real property rentals	62	53	52
Equipment rentals	4	4	5
Total	$66	$57	$57

Future minimum lease payments at February 1, 1997, were as follows:

(MILLIONS)	CAPITAL LEASES	OPERATING LEASES	TOTAL
1997	$ 8	$ 44	$ 52
1998	8	40	48
1999	7	35	42
2000	7	32	39
2001	7	29	36
After 2001	115	297	412
Minimum lease payments	152	$477	$629
Less imputed interest component	94		
Present value of net minimum lease payments, of which $1 million is			

included in current liabilities	$ 58

The present value of operating leases was $242 million at February 1, 1997.

Property under capital leases is summarized as follows:

(MILLIONS)	FEBRUARY 1, 1997	FEBRUARY 3, 1996
Cost	$ 68	$ 75
Accumulated amortization	(34)	(39)
Total	$ 34	$ 36

OTHER LIABILITIES

In addition to accrued pension cost, other liabilities principally consisted of deferred compensation liabilities of $151 million at February 1, 1997, and at February 3, 1996. 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 1, 1997 $	SHARES	FEBRUARY 3, 1996 $	SHARES
Preferred Stock, no par value	51,323	$ -	-	$ 1	11,974
$1.80 Preference Stock, no par value	73,273	-	-	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	$347	685,050	$366	722,111

The Preferred Stock and the $1.80 Preference Stock were included in other liabilities in 1995. 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.

COMMON STOCK REPURCHASE PROGRAM

During 1996, the company repurchased $600 million of its common stock (12.7 million shares) in the open market from time to time as market conditions allowed.

In addition, on February 12, 1997, the company announced plans to repurchase up to $300 million of May common stock. Such purchases, which will be made in the open market from time to time as market conditions allow, are subject to Securities and Exchange Commission rules and regulations.

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 up to 10 years, may be exercised in installments only after stated intervals of time, and are conditional upon continued active employment with the company. The options may be exercised during certain periods following retirement, disability or death.

During 1996, the number of stock options and option prices were adjusted proportionally to reflect the distribution of Payless common shares to May common shareowners. For comparability with 1996, option information for 1995 is presented on an adjusted basis.

A summary of the status of the various stock option plans at the end of 1996 and 1995, and the changes within years is presented below:

(SHARES IN THOUSANDS)	1996 SHARES	RANGE OF EXERCISE PRICES	AVERAGE EXERCISE PRICE	1995 SHARES	RANGE OF EXERCISE PRICES	AVERAGE EXERCISE PRICE
Outstanding at beginning of year	5,687	$11-40	$32	5,874	$11-40	$29
Granted	2,583	43-49	45	1,704	33-40	34
Exercised	(1,042)	11-40	28	(1,567)	12-38	24
Forfeited or expired	(507)	25-45	36	(324)	19-40	33
Outstanding at end of year	6,721	$11-49	$37	5,687	$11-40	$32
Exercisable at end of year	2,186	$11-40	$31	1,929	$11-40	$29
Shares available for additional grants	9,349			11,535		
Fair value of options granted			$17			$12

The following table summarizes information about stock options outstanding at February 1, 1997:

RANGE OF EXERCISE PRICES	OPTIONS OUTSTANDING NUMBER OUTSTANDING AT FEB. 1	AVERAGE REMAINING CONTRACTUAL LIFE	AVERAGE EXERCISE PRICES	OPTIONS EXERCISABLE NUMBER EXERCISABLE AT FEB. 1	AVERAGE EXERCISE LIFE
$ 11	4	4	$11	4	4
19-27	833	5	25	723	5
28-40	3,378	7	34	1,411	7
43-49	2,506	9	46	48	9
	6,721	8	$31	2,186	6

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 who receive restricted stock. Restricted stock can be granted with or without performance restrictions. Restrictions, including performance restrictions, lapse over periods of up to 10years, as determined at the date of the grant. In 1996 and 1995, the company granted 257,790 and 274,750 shares of restricted stock, respectively, under the 1994 Stock Incentive Plan.

The company's plans are accounted for by applying APB Opinion No. 25. For stock options, no compensation cost has been recognized because the option exercise price is fixed at the market price on the date of grant. For restricted stock grants, compensation expense is based upon the grant date market price and is recorded over the lapsing period. For performance-based restricted stock, compensation expense is recorded over the performance period based on estimates of performance levels and the issuance-date market price.

In October 1995, SFAS No. 123, "Accounting for Stock-Based Compensation," was issued. SFAS No. 123 provides an alternative method of accounting for stock-based compensation. Had compensation cost for these plans been determined in accordance with SFAS No. 123, the company's net earnings and net earnings per share would have been as follows:

	1996	1995
Net earnings from continuing operations:		
As reported	$ 749	$ 700
Pro forma	740	697
Primary EPS from continuing operations:		
As reported	$2.94	$2.73
Pro forma	2.91	2.72
Fully diluted EPS from continuing operations:		
As reported	$2.82	$2.61
Pro forma	2.79	2.60

The option expense is estimated on the date of grant (for 1995 or later grants) using the Black-Scholes option pricing model. The option expense is recognized (on a pro forma basis) as the options vest. As the option expense only measures 1995 or later grants, the pro forma impact above may not be representative of future years. The respective 1996 and 1995 Black-Scholes assumptions include 6.8% and 6.4% risk-free interest rates, $1.16 and $1.14 expected dividend yields, 10-year lives, and 25.1% and 23.0% expected volatility.

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 by 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 1, 1997, and February 3, 1996. SFAS 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.

		1996		1995
	CARRYING	FAIR	CARRYING	FAIR
(MILLIONS)	AMOUNT	VALUE	AMOUNT	VALUE
Accounts receivable	$2,425	$2,425	$2,403	$2,403
Long-term debt	4,047	4,381	3,406	3,977

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

The decrease in the spread between the fair value and carrying amount of long-term debt in 1996 compared with 1995 was due to higher interest rates at the end of 1996. 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. The spin-off was completed effective May 4, 1996, as a tax-free distribution to shareowners. The company's financial statements presented herein have been restated to reflect Payless as a discontinued operation.

Payless revenues were $601 million, $2,330 million, and $2,116 million for 1996, 1995, and 1994, respectively. The reported net earnings from the discontinued operation are net of $16 million, $36 million, and $86 million in income tax expense for 1996, 1995, and 1994, respectively.

In 1995, Payless recorded a pretax special and nonrecurring charge of $72 million, related primarily to store closings. Payless's 1995 net earnings before special and nonrecurring items would have been $99 million, or $.37 per fully diluted share.

[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)	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986
Net Retail Sales	$11,650	$10,484	$ 9,748	$9,010	$8,405	$7,862	$7,491	$7,026	$6,175	$4,744	$4,343
OPERATIONS											
Revenues	$12,000	$10,952	$10,107	$9,562	$9,362	$9,068	$8,700	$8,356	$7,742	$6,415	$6,503
Cost of sales	8,226	7,461	6,879	6,537	6,459	6,275	6,047	5,734	5,348	4,492	4,625
Selling, general, and administrative expenses	2,265	2,081	1,916	1,824	1,859	1,861	1,772	1,735	1,645	1,325	1,353
Interest expense, net	277	250	233	244	279	315	278	231	196	77	90
Earnings from continuing operations before income taxes	1,232	1,160	1,079	957	579*	617	603	656	553	521	435
Provision for income taxes	483	460	429	379	107*	213	199	231	191	203	171
NET EARNINGS FROM CONTINUING OPERATIONS	749	700	650	578	472	404	404	425	362	318	264
LIFO charge (credit)	(20)	(53)	(46)	7	10	26	39	(22)	(3)	8	4
Net earnings	755	752	782	711	603	515	500	498	534	444	381
Depreciation and amortization	373	333	297	281	283	273	253	234	236	187	189
Cash flow from operations 1	1,122	1,033	947	859	755	677	657	659	599	505	454
Net issuances (repayments) of long-term debt 2	412	444	118	(190)	(248)	313	590	169	891	(61)	159
Capital expenditures	632	801	682	560	284	366	466	470	292	353	374
Dividends on common stock	287	278	251	223	204	198	191	186	184	170	131
PER SHARE											
NET EARNINGS FROM CONTINUING OPERATIONS 3	$ 2.82	$ 2.61	$ 2.43	$ 2.15	$ 1.76	$ 1.52	$ 1.51	$ 1.50	$ 1.23	$ 1.03	$ .83
Net earnings 3,4	2.84	2.81	2.92	2.65	2.26	1.93	1.87	1.76	1.81	1.44	1.20
Dividends paid	1.16	1.12	1.01	.90	.83	.81	.77	.69	.62	.56	.51
Annual dividend rate at year-end	1.16	1.14	1.04	.92	.83	.81	.79	.71	.64	.57	.52
Book value	15.41	18.42	16.65	14.65	12.82	11.26	10.04	9.32	10.75	9.13	8.50
Market price - high	52.25	46.25	45.13	46.50	37.25	30.19	29.56	26.31	20.00	25.44	22.06
Market price - low	40.50	33.50	32.25	33.44	26.00	22.63	18.69	17.31	14.38	11.13	15.94
Market price - average of high and low	46.38	39.88	38.69	39.97	31.63	26.41	24.13	21.81	17.19	18.28	19.00
FINANCIAL POSITION											
Customer accounts receivable	$ 2,410	$ 2,377	$ 2,418	$2,367	$2,373	$2,377	$2,456	$2,223	$2,099	$1,590	$1,516
Merchandise inventories	2,380	2,134	1,813	1,647	1,476	1,436	1,375	1,278	1,141	880	848
Working capital	3,112	3,495	3,029	2,921	2,691	3,051	2,635	2,059	2,093	1,821	1,921
Property and equipment, net	4,159	3,744	3,275	2,977	2,774	2,808	2,728	2,446	2,285	1,830	1,745
Long-term debt, preferred, and preference stock	4,196	3,701	3,240	3,192	3,256	4,299	3,948	3,387	2,384	1,048	1,131
Shareowners' equity	3,650	4,585	4,135	3,639	3,181	2,781	2,467	2,319	3,050	2,723	2,595
Total assets	10,059	10,122	9,237	8,614	8,376	8,566	8,083	7,570	7,374	5,464	5,629
STATISTICS											
Percent of revenues:											
Net earnings from continuing operations	6.2%	6.4%	6.4%	6.0%	5.0%	4.5%	4.6%	5.1%	4.7%	5.0%	4.1%
Cash flow from operations 1	9.3	9.4	9.4	9.0	8.1	7.5	7.6	7.9	7.7	7.9	7.0
Return on equity	19.4	20.8	21.3	22.1	21.5	20.7	21.8	18.0	18.6	17.0	15.7
Return on net assets	18.8	20.1	20.1	19.0	15.4**	14.5	15.8	16.9	16.2	15.7	15.4
STORES OPEN AT YEAR-END	365	346	314	301	303	318	324	288	297	258	286
AVERAGE SHARES OUTSTANDING AND EQUIVALENTS											
Primary	248.7	249.9	249.6	249.9	248.8	248.0	249.0	267.2	294.8	306.3	313.1
Fully diluted	264.1	265.3	264.9	265.5	265.3	264.2	264.8	280.0	295.4	306.3	314.9

<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. It is different from 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 earnings per share on a fully diluted basis.

4 Primary earnings per share were $.13 higher in 1996, $.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 judgment 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 an internal control structure 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. Internal controls include 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 structure 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 1996. It 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. The audit results included 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. They attend each meeting of the committee.

The members of the Audit Committee are Russell E. Palmer (chairman), Helene L. Kaplan, 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 Delaware corporation) and subsidiaries as of February 1, 1997, and February 3, 1996, and the related consolidated statements of earnings, shareowners' equity and cash flows for each of the three fiscal years in the period ended February 1, 1997. 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 1, 1997, and February 3, 1996, and the results of their operations and their cash flows for each of the three fiscal years in the period ended February 1, 1997, in conformity with generally accepted accounting principles.

Arthur Andersen LLP
1010 Market Street
St. Louis, Missouri 63101-2089
February 12, 1997

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS AND STATEMENTS OF EARNINGS ON PAGES 17 AND 18 OF THE MAY DEPARTMENT STORES COMPANY 1996 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, 1996

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, 1996	4
Statement of Net Assets Available for Benefits - December 31, 1995	7
Statement of Changes in Net Assets Available for Benefits for the Year Ended December 31, 1996	10
Notes to Financial Statements - December 31, 1996 and 1995	12
Schedule I - Item 27(a): Schedule of Assets Held for Investment Purposes - December 31, 1996	18
Schedule II - Item 27(d): Schedule of Reportable Transactions for the Year Ended December 31, 1996	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 23, 1997 By: /s/ John L. Dunham

John L. Dunham
Executive Vice 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, 1996 and 1995, and the related statement of changes in net assets available for benefits for the year ended December 31, 1996. 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, 1996 and 1995, and the changes in net assets available for benefits for the year ended December 31, 1996, 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 23, 1997

THE MAY DEPARTMENT STORES COMPANY

PROFIT SHARING PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 1996
(Thousands, except per unit information)

	Nonparticipant Directed Investment Funds		
	ESOP Preference		
ASSETS	Unallocated	Member Allocated	May Common Stock
INVESTMENTS, at fair value:			
The May Department Stores Company-			
Convertible preferred stock	$544,377	$178,483	$ -
Common stock	-	-	158,322
Short-term investments	-	-	737
Commingled equity index fund	-	-	-
U.S. government securities	-	-	-
Fixed income investments	-	-	-
Total investments	544,377	178,483	159,059
OTHER ASSETS:			
Receivable (payable) for allocation to member accounts	(40,127)	40,127	-
Dividends and interest receivable	-	-	4
Receivable - withholdings of member contributions	-	-	-
Interfund receivable (payable)	-	(137)	405
Total assets	504,250	218,473	159,468
LIABILITIES			
LIABILITIES:			
Notes payable	362,557	-	-
Accrued interest payable	5,085	-	-
Net amount payable (receivable) for investment security transactions and other	-	-	213
Amounts payable for administrative expenses	-	-	128
Total liabilities	367,642	-	341
NET ASSETS AVAILABLE FOR BENEFITS	$136,608	$218,473	$159,127
NUMBER OF UNITS AT DECEMBER 31, 1996			3,420
VALUE PER UNIT AT DECEMBER 31, 1996			$ 46.53

(Continued on following page)

THE MAY DEPARTMENT STORES COMPANY

PROFIT SHARING PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 1996
(Thousands, except per unit information)

	Participant Directed Investment Funds			
ASSETS	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	380,739	-	-	-
Short-term investments	1,771	50,701	461	1,570
Commingled equity index fund	-	-	81,872	-
U.S. government securities	-	-	-	26,715
Fixed income investments	-	-	-	5,802
Total investments	382,510	50,701	82,333	34,087
OTHER ASSETS:				
Receivable (payable) for allocation to member accounts	-	-	-	-
Dividends and interest receivable	9	234	271	418
Receivable - withholdings of member contributions	350	70	139	47
Interfund receivable (payable)	975	(1,034)	(170)	(39)
Total assets	383,844	49,971	82,573	34,513
LIABILITIES				
LIABILITIES:				
Notes payable	-	-	-	-
Accrued interest payable	-	-	-	-
Net amount payable (receivable) for investment security transactions and other	511	-	-	896
Amounts payable for administrative expenses	307	130	158	107
Total liabilities	818	130	158	1,003
NET ASSETS AVAILABLE FOR BENEFITS	$383,026	$49,841	$82,415	$33,510
NUMBER OF UNITS AT DECEMBER 31, 1996	8,232	32,234	26,571	18,858
VALUE PER UNIT AT DECEMBER 31, 1996	$46.53	$1.55	$3.10	$1.78

(Continued on following page)

THE MAY DEPARTMENT STORES COMPANY

PROFIT SHARING PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 1996
(Thousands, except per unit information)

ASSETS	Distribution Account	Total
INVESTMENTS, at fair value:		
The May Department Stores Company-		
Convertible preferred stock	$ -	$ 722,860
Common stock	-	539,061
Short-term investments	2,602	57,842
Commingled equity index fund	-	81,872
U.S. government securities	-	26,715
Fixed income investments	-	5,802
Total investments	2,602	1,434,152
OTHER ASSETS:		
Receivable (payable) for allocation to member accounts	-	-
Dividends and interest receivable	-	936
Receivable - withholdings of member contributions	-	606
Interfund receivable (payable)	-	-
Total assets	2,602	1,435,694
LIABILITIES		
LIABILITIES:		
Notes payable	-	362,557
Accrued interest payable	-	5,085
Net amount payable (receivable) for investment security transactions and other	2,602	4,222
Amounts payable for administrative expenses	-	830
Total liabilities	2,602	372,694
NET ASSETS AVAILABLE FOR BENEFITS	$ -	$1,063,000

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, 1995
(Thousands, except per unit information)

	Nonparticipant Directed Investment Funds		
	ESOP Preference		
ASSETS	Unallocated	Member Allocated	May Common Stock
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
Receivable - 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)

	Participant Directed Investment Funds			
ASSETS	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
Receivable - 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
Receivable - 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 CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 1996
(Thousands)

	Nonparticipant Directed Investment Funds		
	ESOP Preference		
	Unallocated	Member Allocated	May Common Stock
NET APPRECIATION (DEPRECIATION) IN FAIR VALUE OF INVESTMENTS	$ 94,043	$ 41,736	$ 29,085
INVESTMENT INCOME:			
Dividends	20,731	5,742	3,899
Interest	-	-	53
	20,731	5,742	3,952
CONTRIBUTIONS:			
Member	-	-	-
Employer allocation	(40,251)	40,251	-
Employer ESOP contribution	20,156	-	-
Member interfund transfers	-	(1,005)	(741)
Forfeiture reallocation	-	-	(10)
	(20,095)	39,246	(751)
DEDUCTIONS:			
Member terminations and withdrawals	-	15,998	17,607
Interest expense	30,940	-	-
Transfer to plan of divested subsidiary	-	20,281	-
Administrative expenses	-	-	554
	30,940	36,279	18,161
INCREASE (DECREASE) IN NET ASSETS AVAILABLE FOR BENEFITS	63,739	50,445	14,125
NET ASSETS AVAILABLE FOR BENEFITS AT DECEMBER 31, 1995	72,869	168,028	145,002
NET ASSETS AVAILABLE FOR BENEFITS AT DECEMBER 31, 1996	$136,608	$218,473	$159,127

(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, 1996
(Thousands)

	Participant Directed Investment Funds				
	May Common Stock	Money Market	Common Stock Index	Fixed Income Index	Total
NET APPRECIATION (DEPRECIATION) IN FAIR VALUE OF INVESTMENTS	$ 69,943	$ -	$13,712	$(1,013)	$ 247,506
INVESTMENT INCOME:					
Dividends	9,375	-	1,649	-	41,396
Interest	128	2,752	51	2,097	5,081
	9,503	2,752	1,700	2,097	46,477
CONTRIBUTIONS:					
Member	41,439	7,359	13,005	5,816	67,619
Employer allocation	-	-	-	-	-
Employer ESOP contribution	-	-	-	-	20,156
Member interfund transfers	(11,306)	6,854	5,513	685	-
Forfeiture reallocation	(23)	29	1	3	-
	30,110	14,242	18,519	6,504	87,775
DEDUCTIONS:					
Member terminations and withdrawals	42,343	13,421	10,538	6,230	106,137
Interest expense	-	-	-	-	30,940
Transfer to plan of divested subsidiary	22,079	10,544	13,855	7,969	74,728
Administrative expenses	1,332	559	636	437	3,518
	65,754	24,524	25,029	14,636	215,323
INCREASE (DECREASE) IN NET ASSETS AVAILABLE FOR BENEFITS	43,802	(7,530)	8,902	(7,048)	166,435
NET ASSETS AVAILABLE FOR BENEFITS AT DECEMBER 31, 1995	339,224	57,371	73,513	40,558	896,565
NET ASSETS AVAILABLE FOR BENEFITS AT DECEMBER 31, 1996	$383,026	$49,841	$82,415	$33,510	$1,063,000

The accompanying notes are an integral part of this statement.

THE MAY DEPARTMENT STORES COMPANY

PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1996 AND 1995

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 May 1996, 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, a Delaware corporation ("May"), and its subsidiaries and affiliates who are members of The May Department Stores Company Retirement Plan. Participation is voluntary.

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 $22.51 per common share equivalent ($24.74 per common share equivalent before the Payless ShoeSource, Inc. "spin-off" in May 1996). 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 the original cost. 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 for a Plan year exceeds 100%, only ESOP Preference Shares will be used for the employer allocation and no May common shares will be contributed as a supplemental contribution. 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 a fund comprised proportionately of all 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, 1996, the nonparticipant directed May Common Stock and ESOP Member Allocated Funds include approximately $59,673,000 and $47,190,000, 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, 1996, will be made in May 1997 and will be in the form of 38,106 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 was previously convertible into 20.49031 shares of May common stock. Effective May 4, 1996, in connection with May's spin-off of Payless ShoeSource, Inc., the conversion rate was adjusted to 22.52498 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 The May Department Stores Company, a New York corporation. 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, 1996 and 1995.

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; and (c) contributions by May. 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 may make "supplemental" contributions to the Plan to make up the difference, subject to the 100% effective matching rate limitations described in Note 1. 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 for each ESOP Preference Share. As of December 31, 1996 and 1995, the ESOP Preference Shares were valued at their conversion values of $1,053.04 and $863.15, respectively.

Federal Income Taxes

The Trust established under the Plan to hold the Plan's assets is qualified pursuant to Section 401(a), 401(k) and 4975(e)(7) of the Internal Revenue Code and accordingly, the Trust's net investment income is exempt from income taxes. The Plan has received a favorable tax determination letter in prior years, and the Company believes that the Plan continues to qualify and operate in accordance with 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

All administrative expenses (including the allocable portion of expenses for data processing services, and salaries and benefits of employees providing services to the Plan) are paid by the Plan. Prior to 1996, May provided the salaries and related benefits of associates who administer 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 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 the greater of the guaranteed minimum value (plus accrued dividends) or conversion value, as of the distribution date.

(c) In the event that a member's employment is terminated and a portion of such member's company account has been forfeited, the forfeited units 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.

Use of Estimates

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

3. INVESTMENTS:

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, 1996 and 1995, are as follows (dollars in thousands):

	December 31, 1996		December 31, 1995	
	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	516,956	$ 544,377	563,016	$ 485,970
Member allocated	169,492	178,483	160,344	138,402
	686,448	722,860	723,360	624,372
The May Department Stores Company Common Stock	11,530,716	539,061	11,504,123	484,611
The Bank of New York Short-Term Investment Fund - Master Notes	$57,842	57,842	$62,593	62,593
Chase Investors Commingled Equity Index fund	112,782	81,872	117,694	71,097
Total		$1,401,635		$1,242,673

4. NOTES PAYABLE:

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

	1996	1995
ESOP Notes Payable:		
Series A, 8.32%, due April 30, 2001	$158,593	$174,067
Series B, 8.49%, due April 30, 2004	203,964	203,964
	$362,557	$378,031

The scheduled principal payments for the Series A ESOP Note for the next five years are as follows: 1997 - $20,228,000; 1998 - $25,385,000; 1999 - $31,118,000; 2000 - $37,354,000; and 2001 - $44,508,000. Principal payments on the Series B ESOP Note begin in 2002. As of December 31, 1996 and 1995, the total fair value of the ESOP Notes was approximately $430,341,000 and $468,290,000, respectively.

5. RECONCILIATION TO FORM 5500:

As of December 31, 1996 and 1995, the Plan had approximately $13,523,000 and $16,340,000, 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, 1996 (thousands):

	Benefits Payable to Participants	Benefits Paid	Net Assets Available for Benefits
Per financial statements	$ -	$106,137	$1,063,000
Pending benefit distributions - December 31, 1996	13,523	13,523	(13,523)
Pending benefit distributions - December 31, 1995	-	(16,340)	-
Per Form 5500	$13,523	$103,320	$1,049,477

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. TRANSFER OF PLAN ASSETS - PAYLESS SHOESOURCE, INC.:

On May 4, 1996, May completed the "spin-off" of Payless ShoeSource, Inc. ("Payless"). A separate defined contribution profit sharing plan for Payless was established April 1, 1996, and an asset transfer of Payless associate accounts was made from the Plan to the Payless Plan in April 1996. The amount of the asset transfer was approximately $74,728,000.

THE MAY DEPARTMENT STORES COMPANY

PROFIT SHARING PLAN

EMPLOYER #: 43-1104396

PLAN #: 003

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

DECEMBER 31, 1996

(a)	(b) Identity of Issue	(c) Number of Shares or Principal Amount	(d) Cost (Thousands)	(e) Fair Value (Thousands)
	ESOP PREFERENCE FUND			
*	The May Department Stores Company 7.5% ESOP Preference Stock:			
	Unallocated	516,956	$262,097	$ 544,377
	Member allocated	169,492	85,932	178,483
	ESOP Preference Fund Total		$348,029	$ 722,860
	MAY COMMON STOCK FUND			
*	The May Department Stores Company Common Stock	11,530,716	$255,650	$ 539,061
*	The Bank of New York Short-Term Investment Fund- Master Notes	$ 2,507,648	2,508	2,508
	May Common Stock Fund Total		$258,158	$ 541,569
	MONEY MARKET FUND			
*	The Bank of New York Short-Term Investment Fund- Master Notes	$50,700,898	$ 50,701	$ 50,701
	COMMON STOCK INDEX FUND			
	Chase Investors Commingled Equity Index Fund	112,782	$ 49,666	$ 81,872
*	The Bank of New York Short-Term Investment Fund- Master Notes	$ 461,359	461	461
	Common Stock Index Fund Total		$ 50,127	$ 82,333
	FIXED INCOME INDEX FUND			
*	The Bank of New York Short-Term Investment Fund- Master Notes	$ 1,569,823	$ 1,570	$ 1,570

* Also a party-in-interest.

(a)	(b) Identity of Issue	(c) Principal Amount	(d) Cost (Thousands)	(e) Fair Value (Thousands)
	FIXED INCOME INDEX FUND (Continued)			
	U.S. Government Securities			
	U.S. Treasury Notes:			
	5.625%, due 8/31/97	$ 300,000	$ 300	$ 300
	5.125%, due 6/30/98	$ 3,200,000	3,127	3,171
	5.125%, due 12/31/98	$ 2,300,000	2,241	2,268
	7.875%, due 11/15/04	$ 700,000	782	764
	13.75%, due 8/15/04	$ 525,000	810	756
	5.5%, due 4/15/00	$ 2,300,000	2,178	2,259
	6.75%, due 6/30/99	$ 4,500,000	4,544	4,579
	5.0%, due 1/31/98	$ 1,500,000	1,490	1,489
	7.75%, due 1/31/00	$ 400,000	411	419
	5.875%, due 2/15/04	$ 1,500,000	1,425	1,460
	5.25%, due 1/31/01	$ 1,750,000	1,744	1,694
	6.875%, due 5/15/06	$ 1,400,000	1,436	1,443
	6.5%, due 5/31/01	$ 900,000	895	910
	6.375%, due 8/15/02	$ 1,200,000	1,207	1,208
	8.75%, due 8/15/00	$ 700,000	829	759
	Total U.S. treasury notes		23,419	23,479
	U.S. Government Agency Securities:			
	Federal Home Loan Bank Consumer Bonds- 6.12%, due 1/24/01	$ 250,000	251	246
	Federal Home Loan Mortgage Corporation-			
	6.22%, due 3/24/03	$ 200,000	182	197
	6.81%, due 6/4/99	$ 200,000	199	201
	Federal National Mortgage Association			
	Securities- 8.35%, due 11/10/99	$ 325,000	333	344
	Debentures-			
	9.55%, due 12/10/97	$ 320,000	326	331
	7.65%, due 3/10/05	$ 160,000	163	170
	Medium Term Notes-			
	6.41%, due 3/8/06	$ 400,000	402	392
	6.69%, due 8/7/01	$ 400,000	402	405
	International Bank for Recon & Dev BD- 5.875%, due 7/16/97	$ 300,000	302	301
	Tennessee Valley Authority, Power Bond 1992 Series F, 6.875%, due 8/1/02	$ 250,000	259	250
	SLMA Medium Term Notes- 6.58%, due 1/2/02	$ 400,000	399	399
	Total U.S. government agency securities		3,218	3,236
	Total U.S. government securities		26,637	26,715

(a)	(b) Identity of Issue	(c) Principal Amount	(d) Cost (Thousands)	(e) Fair Value (Thousands)
	FIXED INCOME INDEX FUND (Continued)			
	Fixed Income Investments			
	Bank Corporate Bonds:			
	Bank America Corporation, 7.75%, due 7/15/02	$ 300,000	$ 306	$ 314
	Republic NY Corporation, 7.25%, due 7/15/02	$ 100,000	98	103
	NCNB Corporation, 9.125%, due 10/15/01	$ 268,000	306	294
	Total bank corporate bonds		710	711
	Finance and Insurance Corporate Bonds:			
	American Express Company, 8.5%, due 8/15/01	$ 200,000	201	215
	Commercial Credit Corporation, 8.125%, due 3/1/97	$ 200,000	179	201
	Ford Motor Credit Co., 6.25%, due 2/26/98	$ 400,000	405	401
	ABN-AMRO Bank, 6.625%, due 10/31/01	$ 300,000	300	300
	General Electric Capital Corporation, 8.85%, due 4/1/05	$ 300,000	364	337
	Grace W R T Company, 8.00%, due 8/15/04	$ 500,000	519	529
	Simon Debartolo Group, 6.875%, due 11/15/06	$ 500,000	498	487
	Travelers/Aetna Property Casualty Corporation, 6.75%, due 4/15/01	$ 300,000	301	301
	Total finance and insurance corporate bonds		2,767	2,771
	Industrial Corporate Bonds:			
	Coca Cola Company, 7.875%, due 9/15/98	$ 200,000	203	206
	Eli Lilly & Co., 8.125%, due 12/1/01	$ 200,000	199	213
	General Motors Corporation, 7.10%, due 3/15/06	$ 300,000	303	302
	Philip Morris Companies, Inc., 8,625% due 3/1/99	$ 250,000	248	260
	Lockheed Martin Corporation, 6.85%, due 5/15/01	$ 400,000	400	403
	Total industrial corporate bonds		1,353	1,384
	Oil Corporate Bond:			
	Tenneco Inc., 7.875%, due 10/1/02	$ 250,000	248	263
	Utilities Corporate Bonds:			
	Duke Power Company, 1st and Refunding Mortgage Note, 7%, due 6/1/00	$ 195,000	203	198

(a)	(b) Identity of Issue	(c) Principal Amount	(d) Cost (Thousands)	(e) Fair Value (Thousands)
	FIXED INCOME INDEX FUND (Continued)			
	Foreign Obligations:			
	Finland Rep NT, 7.875%, due 7/28/04	$ 150,000	150	162
	Hydro-Quebec Debenture, Series IF, 7.375%, due 2/1/03	$ 150,000	161	154
	Province of Ontario, Canada Debenture, 8%, due 10/17/01	$ 150,000	149	159
	Total foreign obligations		460	475
	Total fixed income investments		5,741	5,802
	Fixed Income Index Fund Total		$ 33,948	$ 34,087
	DISTRIBUTION ACCOUNT			
*	The Bank of New York Short-Term Investment Fund- Master Notes	$ 2,602,126	$ 2,602	$ 2,602
	TOTAL ASSETS HELD FOR INVESTMENT PURPOSES AT DECEMBER 31, 1996		$743,565	$1,434,152

* 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, 1996
(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)	414	$134,559	241	$140,252	$140,252	$ -
The May Department Stores Company Common Stock (1) (2)	67	80,241	51	34,701	76,853	42,152
Payless ShoeSource, Inc. Common Stock (1)	-	-	30	20,723	47,964	27,241
		$214,800		$195,676	$265,069	$69,393

(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 23, 1997

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