FORM 10-K405

MAY DEPARTMENT STORES CO - MAY

Exhibit:

Filed: April 22, 1998 (period: January 31, 1998)

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

PART I

Items 1 and 2. Business and Description of Property

Item 3. Legal Proceedings

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

PART II

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

Item 6. Selected Financial Data

Item 7. Management's Discussion and Analysis of Financial

Item 8. Financial Statements and Supplementary Data

Item 9. Changes in and Disagreements with Accountants on

PART III

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

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on

SIGNATURES

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

EX-12 (Statement regarding computation of ratios)

EX-13 (Annual report to security holders)

EX-27

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

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

(Mark one)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended January 31, 1998

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 April 4, 1998: $14,597,271,446

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 230,856,689 shares of common stock, $.50 par value, as of April 4, 1998.

Documents incorporated by reference:
1. Portions of Registrant's 1997 Annual Report to Shareowners are incorporated into Parts I and II.
2. Portions of Registrant's 1998 Proxy Statement, dated April 22, 1998, 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 in 1976, 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 accomplished in 1996. As a result of the share exchange, May NY became a wholly owned subsidiary of registrant. May NY was organized under the laws of the State of New York in 1910, as the successor to a business founded by David May, who opened his first store in Leadville, Colorado, in 1877.

Registrant operates eight quality regional department store companies nationwide under ten trade names. At fiscal year-end 1997, registrant operated 369 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	26 markets including New York City, Chicago, Boston, Washington, D.C., Detroit, Dallas/Fort Worth, Atlanta and Miami
Hecht's and Strawbridge's	18 markets including Washington, D.C., Philadelphia (Strawbridge's), Baltimore, Norfolk, and Richmond
Foley's	17 markets, including Houston, Dallas/Fort Worth, Denver, San Antonio, and Oklahoma City
Robinsons-May	10 markets, including Los Angeles, San Diego, Anaheim, Phoenix, and San Bernardino
Kaufmann's	20 markets, including Pittsburgh, Cleveland, Buffalo, Rochester, Akron and Syracuse
Filene's	13 markets, including Boston, Stamford, Hartford, Providence, R.I., and Albany
Famous-Barr and L.S. Ayres	15 markets, including St. Louis, Indianapolis (L.S. Ayres), Fort Wayne and South Bend
Meier & Frank	Four markets: Portland/Vancouver, Salem, Eugene and Medford

Registrant employs approximately 56,000 full-time and 60,000 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 1997 Annual Report to Shareowners is incorporated herein by reference.

A. Property Ownership

The following summarizes the property ownership of department stores at January 31, 1998:

	Number of Stores	% of Gross Building Sq. Footage
Entirely or mostly owned*	208	60%
Entirely or mostly leased	95	25
Owned on leased land*	66	15
	369	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 January 31, 1998, 45.6% 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 1997, MBA and MBO extended credit to customers of registrant's Lord & Taylor, Hecht's, Strawbridge's, Robinsons-May, Kaufmann's, Famous-Barr, L.S. Ayres and Meier & Frank department stores companies. Throughout 1997, MBA and MBO sold the resulting accounts receivables at face value, to May NY. In addition, MBA and MBO process remittances for their parent, Grande Levee, Inc. (formerly 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. Although registrant is one of the nation's largest department store retailers, it has numerous competitors at the local level which compete with registrant's individual department stores. Competition at the local level is characterized by many 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 22, 1998) 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	64	Chairman and Chief Executive Officer
Jerome T. Loeb	57	President
Eugene S. Kahn	48	Executive Vice Chairman
Anthony J. Torcasio	52	Vice Chairman; and Chief Executive Officer, May Merchandising Company
John L. Dunham	51	Executive Vice President and Chief Financial Officer
Louis J. Garr, Jr.	58	Executive Vice President and General Counsel
R. Dean Wolfe	54	Executive Vice President
William D. Edkins	45	Senior Vice President
Lonny J. Jay	56	Senior Vice President
Jan R. Kniffen	49	Senior Vice President
Richard A. Brickson	50	Secretary and Senior Counsel
Martin M. Doerr	43	Vice President
Michael G. Culhane	35	Vice President

Each of the above named executive officers shall remain in office until the annual meeting of directors following the next annual meeting of shareowners of registrant, or until their respective successors shall have been elected and shall qualify. Mr. Richard L. Battram, executive vice chairman, retired on July 31, 1997. At that time Mr. Kahn was appointed executive vice chairman and Mr. Torcasio was appointed vice chairman. Mr. Farrell will retire as an officer and director on April 30, 1998. At that time Mr. Kahn will become president and chief executive officer and Mr. Loeb will become chairman of the board. On December 3, 1997, Mr. Dunham and Mr. Wolfe became members of registrant's Board of Directors. Messrs. Farrell, Loeb, Kahn and Torcasio are also 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 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. Culhane was associated with the public accounting firm of Arthur Andersen LLP from 1984 to 1997 and became an executive officer of registrant in 1998.

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 January 31, 1998.

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 1997 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 1997 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 1997 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 1997 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	1997 Year
Revenues	$ 2,675	$ 2,749	$ 2,969	$ 4,292	$ 12,685
Cost of sales	$ 1,881	$ 1,921	$ 2,097	$ 2,833	$ 8,732
Net Earnings:					
Continuing operations	$ 98	$ 116	$ 120	$ 445	$ 779
Discontinued operation	-	-	-	-	-
Before extraordinary loss	98	116	120	445	779
Extraordinary loss related to early extinguishment of debt	(4)	-	-	-	(4)
Net Earnings	$ 94	$ 116	$ 120	$ 445	$ 775
Basic earnings per share:					
Continuing operations	$ 0.39	$ 0.48	$ 0.50	$ 1.90	$ 3.27
Discontinued operation	-	-	-	-	-
Before extraordinary loss	0.39	0.48	0.50	1.90	3.27
Extraordinary loss related to early extinguishment of debt	(0.01)	-	-	-	(0.01)
Basic earnings per share	$ 0.38	$ 0.48	$ 0.50	$ 1.90	$ 3.26
Diluted earnings per share:					
Continuing operations	$ 0.38	$ 0.46	$ 0.48	$ 1.79	$ 3.11
Discontinued operation	-	-	-	-	-
Before extraordinary loss	0.38	0.46	0.48	1.79	3.11
Extraordinary loss related to early extinguishment of debt	(0.01)	-	-	-	(0.01)
Diluted Earnings Per Share	$ 0.37	$ 0.46	$ 0.48	$ 1.79	$ 3.10

(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
Basic earnings per share:					
Continuing operations	$ 0.37	$ 0.42	$ 0.46	$ 1.70	$ 2.95
Discontinued operation	0.05	-	-	-	0.05
Before extraordinary loss	0.42	0.42	0.46	1.70	3.00
Extraordinary loss related to early extinguishment of debt	-	-	-	(0.02)	(0.02)
Basic earnings per share	$ 0.42	$ 0.42	$ 0.46	$ 1.68	$ 2.98
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)
Diluted Earnings Per Share	$ 0.41	$ 0.41	$ 0.44	$ 1.58	$ 2.84

SUMMARIZED FINANCIAL INFORMATION - THE MAY DEPARTMENT STORES COMPANY, NEW YORK. Summarized financial information of The May Department Stores Company, New York, is set forth below for 1997 and 1996. Corresponding statement of earnings 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.

	January 31, 1998	February 1, 1997
Financial Position		
Current assets	$ 4,878	$ 5,035
Noncurrent assets	5,048	5,970
Current liabilities	1,894	1,914
Noncurrent liabilities	7,437	7,718

	52 Weeks Ended	
	Jan. 31, 1998	Feb. 1, 1997
Operating Results		
Revenues	$ 12,685	$ 12,000
Cost of sales	8,732	8,226
Net earnings from continuing operations before extraordinary loss	591	662
Net earnings	587	657

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

None.

PART III

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

Pursuant to paragraph G (Information to be Incorporated by Reference) of the General Instructions to Form 10-K, the information required by Items 10, 11, 12 and 13 (other than information about executive officers of registrant) is incorporated by reference from the definitive proxy statement dated April 22, 1998, 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 1997 Annual Report to Shareowners (Exhibit 13):

	Page in Annual Report
Financial Statements-	
Consolidated Statement of Earnings for the three fiscal years ended January 31, 1998	17
Consolidated Balance Sheet - January 31, 1998, and February 1, 1997	18
Consolidated Statement of Cash Flows for the three fiscal years ended January 31, 1998	19
Consolidated Statement of Shareowners' Equity for the three fiscal years ended January 31, 1998	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 January 31, 1998):

	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 1997 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, 1997	Filed herewith.

(4) Reports on Form 8-K

None.

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 22, 1998

By: /s/ John L. Dunham
John L. Dunham
Director, 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 22, 1998	/s/ David C. Farrell David C. Farrell	Director, Chairman and Chief Executive Officer
	Principal Financial and Accounting Officer:	
April 22, 1998	/s/ John L. Dunham John L. Dunham	Director, Executive Vice President and Chief Financial Officer
	Directors:	
April 22, 1998	/s/ Jerome T. Loeb Jerome T. Loeb	Director and President

Date		Signature	Title
April 22, 1998	/s/	Eugene S. Kahn Eugene S. Kahn	Director and Executive Vice Chairman
April 22, 1998	/s/	Anthony J. Torcasio Anthony J. Torcasio	Director and Vice Chairman; and Chief Executive Officer, May Merchandising Company
April 22, 1998	/s/	R. Dean Wolfe R. Dean Wolfe	Director and Executive Vice President
April 22, 1998	/s/	Helene L. Kaplan Helene L. Kaplan	Director
April 22, 1998	/s/	Edward H. Meyer Edward H. Meyer	Director
April 22, 1998	/s/	Russell E. Palmer Russell E. Palmer	Director
April 22, 1998	/s/	Michael R. Quinlan Michael R. Quinlan	Director
April 22, 1998	/s/	William P. Stiritz William P. Stiritz	Director
April 22, 1998	/s/	Robert D. Storey Robert D. Storey	Director
April 22, 1998	/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 11, 1998. 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 11, 1998

Exhibit 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included or incorporated by reference in this Annual Report on Form 10-K for the year ended January 31, 1998 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 and 333-00957).

ARTHUR ANDERSEN LLP
1010 Market Street
St. Louis, Missouri 63101-2089
April 22, 1998

THE MAY DEPARTMENT STORES COMPANY AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS

FOR THE THREE FISCAL YEARS ENDED January 31, 1998

(Millions)

	Balance beginning of period	Charges to costs and expenses and other adjustments	Deductions (a)	Balance end of period
FISCAL YEAR ENDED JANUARY 31, 1998 Allowance for uncollectible accounts	$ 104	$ 104	$ (112)	$ 96
FISCAL YEAR ENDED FEBRUARY 1, 1997 Allowance for uncollectible accounts	$ 75	$ 134	$ (105)	$ 104
FISCAL YEAR ENDED FEBRUARY 3, 1996 Allowance for uncollectible accounts	$ 69	$ 91	$ (85)	$ 75

(a) Write-off of accounts determined to be uncollectible, net of recoveries of $26 million in 1997 and 1996, and $24 million in 1995.

Exhibit 21

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
Grande Levee, Inc. (formerly 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 JANUARY 31, 1998

(millions, except per share)	1997	1996	1995
Net earnings from continuing operations	$ 779	$ 749	$ 700
ESOP Preferred Dividends, net of tax benefit on unallocated shares	(18)	(18)	(19)
Net earnings available for common shareowners:			
Continuing operations	761	731	681
Discontinued operation	-	11	55
Extraordinary loss	(4)	(5)	(3)
Total net earnings available for common shareowners	$ 757	$ 737	$ 733
Average common shares outstanding	232.3	247.2	248.9
Basic earnings per share:			
Continuing operations	$ 3.27	$ 2.95	$ 2.73
Discontinued operation	-	0.05	0.22
Extraordinary loss	(0.01)	(0.02)	(0.01)
Total basic earnings per share	$ 3.26	$ 2.98	$ 2.94
Diluted Computation:			
Net earnings available from continuing operations	$ 761	$ 731	$ 681
Earnings impact of assumed conversion of ESOP Preference Shares, net of tax	14	13	12
Adjusted net earnings available-DILUTED:			
Continuing operations	775	744	693
Discontinued operation	-	11	55
Extraordinary loss	(4)	(5)	(3)
Total adjusted net earnings available-DILUTED:	$ 771	$ 750	$ 745
Average common shares outstanding	232.3	247.2	248.9
ESOP Preference Shares	15.2	15.4	14.9
Common share equivalents (CSE's) attributable to the treasury stock method	1.5	1.5	1.0
Average common stock and CSE's	249.0	264.1	264.8
Diluted earnings per share:			
Continuing operations	$ 3.11	$ 2.82	$ 2.61
Discontinued operation	-	0.04	0.21
Extraordinary loss	(0.01)	(0.02)	(0.01)
Total Diluted Earnings per share	$ 3.10	$ 2.84	$ 2.81

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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 JANUARY 31, 1998

	Fiscal Year Ended				
	Jan. 31, 1998	Feb. 1, 1997	Feb. 3, 1996	Jan. 28, 1995	Jan. 29, 1994
Earnings Available for Fixed Charges:					
Pretax earnings from continuing operations	$ 1,279	$ 1,232	$ 1,160	$ 1,079	$ 957
Fixed charges (excluding interest capitalized and pretax preferred stock dividend requirements)	363	346	317	293	305
Dividends on ESOP Preference Shares	(26)	(26)	(28)	(28)	(28)
Capitalized interest amortization	6	6	5	4	4
	1,622	1,558	1,454	1,348	1,238
Fixed Charges:					
Gross interest expense (a)	$ 353	$ 341	$ 316	$ 289	$ 295
Interest factor attributable to rent expense	23	22	20	19	20
	376	363	336	308	315
Ratio of Earnings to Fixed Charges	4.3	4.3	4.3	4.4	3.9

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

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EXHIBIT 13

[The following "Management's Discussion and Analysis" section is a reproduction of the same named section included in the paper format Annual Report on pages 12 - 16.]

Management's Discussion and Analysis

May achieved its 23rd consecutive year of record sales and earnings per share from continuing operations. Our five-year earnings per share compound growth rate of 12.1% is among the best in the retail industry.

Sales were $12.4 billion, an increase of 7.0% over 1996 sales of $11.5 billion. The increase reflects the benefit of new-store openings, the full-year impact of 1996 store openings, and an increase in store-for-store sales of 3.6%. Store-for-store sales increases for the first through fourth quarters in 1997 were 1.9%, 4.7%, 3.1%, and 4.2%, respectively.

Our 1997 diluted earnings per share from continuing operations increased 10.3% to $3.11 from last year's $2.82. Net earnings from continuing operations totaled $779 million, compared with $749 million last year. Return on revenues was 6.1% versus 6.2% in 1996. Return on beginning equity increased to 21.2% from 19.4% in 1996, and return on net assets was 18.5%, compared with 18.8% in 1996.

We opened 11 department stores during 1997, adding 1.9 million square feet of retail space. Five were Lord & Taylor stores, in Wayne, N.J., Newark, Del., Harrisburg, Pa., Philadelphia, Pa., and Denver, Colo. Hecht's opened two Strawbridge's stores, in Springfield, Pa., and Dover, Del. Foley's opened two stores, in Denver, Colo., and McAllen, Texas. Filene's opened two stores, in Waterbury, Conn., and Auburn, Mass.

In addition, we remodeled 26 department stores in 1997, totaling 2.2 million retail square feet, which included the expansion of 11 stores by 351,000 square feet. At fiscal year-end, May operated 369 department stores in 30 states and the District of Columbia.

During 1997, the company completed a $300 million stock repurchase program totaling 6.4 million shares. This program was funded with cash flow from operations. The 1997 buyback was in addition to a $600 million 1996 stock repurchase program totaling 12.7 million shares. In February 1998, the company announced additional plans to repurchase up to $650 million of May shares.

Our expansion program for 1998 includes 20 new department stores, totaling 2.8 million square feet of retail space. In addition, the company plans to remodel 22 department stores totaling 1.7 million square feet of retail space, which includes the expansion of seven stores by a total of 224,000 square feet.

The new-store plan for 1998 through 2002 would add 100 new department stores totaling 16 million retail square feet, a 4% annualized increase, net of closings. During this five-year period, May plans to invest $1.8 billion for new stores, $600 million to expand and remodel existing stores, and $350 million related to systems and operations. These are the major components of our $3.6 billion capital plan.

The remainder of Management's Discussion and Analysis reflects data on a continuing operations basis.

	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
Net retail sales(in millions)	$12,352	$11,546	$10,402	$9,688	$8,945	$8,334	$7,785	$7,420	$6,951	$6,103	$4,681

	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
Earnings per share	$3.11	$2.82	$2.61	$2.43	$2.15	$1.76	$1.52	$1.51	$1.50	$1.23	$1.03
Year-end dividend rate											

per common share	$1.20	$1.16	$1.14	$1.04	$0.92	$0.83	$0.81	$0.79	$0.71	$0.64	$0.57

	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
Return on net assets	18.5%	18.8%	20.1%	20.1%	19.0%	15.4%	14.5%	15.8%	16.9%	16.2%	15.7%

	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
Sales per square foot	$204	$201	$201	$200	$191	$179	$171	$172	$168	$158	$143

Review of Operations

Diluted earnings per share reached $3.11 in 1997, compared with $2.82 in 1996 and $2.61 in 1995. Net earnings totaled $779 million in 1997, compared with $749 million in 1996 and $700 million in 1995. The 1997 and 1996 diluted earnings per share growth rates were 10.3% and 8.0%, respectively. Net earnings growth rates were lower due to $900 million of stock repurchases completed in 1996 and 1997. Return on revenues was 6.1% in 1997, compared with 6.2% in 1996 and 6.4% in 1995.

Results for the past three years were as follows:

(dollars in millions, except per share)	1997 $	1997 Percent of Revenues	1996 $	1996 Percent of Revenues	1995 $	1995 Percent of Revenues
Net Retail Sales	$12,352		$11,546		$10,402	
Revenues	$12,685	100.0%	$12,000	100.0%	$10,952	100.0%
Cost of sales	8,732	68.8	8,226	68.5	7,461	68.1
Selling, general, and administrative expenses	2,375	18.7	2,265	18.9	2,081	19.0
Interest expense, net	299	2.4	277	2.3	250	2.3
Earnings before income taxes	1,279	10.1	1,232	10.3	1,160	10.6
Provision for income taxes*	500	39.1	483	39.3	460	39.7
Net Earnings	$ 779	6.1%	$ 749	6.2%	$ 700	6.4%
Diluted Earnings per Share	$ 3.11		$ 2.82		$ 2.61	

<FN>
*Percent of revenues columns represent effective income tax rates.

Fiscal 1995 included 53 weeks; however, the additional week did not materially affect 1995 earnings. The 1995 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)	1997	1996	1995	Increase 1997	Increase 1996
Operating earnings	$1,578	$1,509	$1,410	4.6%	7.0%
Percent of revenues	12.5%	12.6%	12.9%		

EBIT presented above includes a LIFO (last-in, first out) credit of $5 million, $20 million, and $53 million in 1997, 1996, and 1995, respectively.

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

(dollars in millions)	1997	1996	1995	Increase 1997	Increase 1996
Operating earnings	$1,573	$1,489	$1,357	5.7%	9.6%
Percent of revenues	12.4%	12.4%	12.4%		

May's 369 quality department stores are operated by eight regional department store companies across the United States 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, gross retail square footage, and number of stores for each store company:

Net Retail Sales in Millions	Sales per	Gross Retail Square Footage

Store Company and Headquarters	of Dollars 1997	1996	Square Foot 1997	1996	in Thousands 1997	1996	1997	Number of Stores New	Closed	1996
Lord & Taylor, New York City	$ 1,875	$ 1,718	$243	$241	8,208	7,473	63	5	1	59
Hecht's, Washington, D.C. (Strawbridge's in Philadelphia)	2,333	2,113	195	193	12,318	12,787	71	2	2	71
Foley's, Houston	1,888	1,749	186	180	10,647	10,200	55	2	-	53
Robinsons-May, Los Angeles	1,862	1,779	189	185	10,140	10,211	55	-	1	56
Kaufmann's, Pittsburgh	1,489	1,444	193	191	7,961	7,968	47	-	-	47
Filene's, Boston	1,450	1,347	236	232	6,394	6,255	40	2	2	40
Famous-Barr, St. Louis (L.S. Ayres in Indianapolis)	1,060	1,011	202	201	5,408	5,454	30	-	1	31
Meier & Frank, Portland, Ore.	395	385	229	225	1,768	1,768	8	-	-	8
The May Department Stores Company	$12,352	$11,546	$204	$201	62,844	62,116	369	11	7	365

<FN>
Net retail sales represent sales of stores open at the end of 1997.
Sales per square foot are calculated from revenues and average gross retail square footage.
Gross retail square footage represents square footage of stores open at the end of the period presented.

Net Retail Sales
Net retail sales (see page 21 for definition) increases for 1997 and 1996 were as follows:

1997 vs. 1996 Total	1997 vs. 1996 Store-for-Store	1996 vs. 1995 Total	1996 vs. 1995 Store-for-Store	Five-year Compound Growth Rate
7.0%	3.6%	11.0%	4.3%	8.2%

The total sales increase for 1997 reflects the opening of four net new department stores, the full-year impact of 1996 store openings, and a 3.6% store-for-store increase. The total sales increase for 1996 includes the results of 19 net new department stores, the full-year impact of 1995 store openings, and a 4.3% store-for-store increase.

Sales include leased and licensed department sales of $353 million, $326 million, and $293 million in 1997, 1996, and 1995, respectively. Revenues include finance charge revenues of $319 million, $338 million, and $340 million in 1997, 1996, and 1995, respectively. Finance charge revenues have decreased 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 $8.73 billion in 1997, compared with $8.23 billion in 1996, a 6.2% increase. The overall increase resulted from a 7.0% increase in sales. As a percent of revenues, cost of sales increased 0.3% from 68.5% in 1996 to 68.8% in 1997. Approximately 0.2% of this increase relates to the finance charge component of revenues decreasing 5.7% with no corresponding decrease in cost of sales. The remaining increase was caused by the decrease in the LIFO credit.

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). 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.

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

	1997	1996	1995
Cost of sales	68.8%	68.5%	68.1%
LIFO credit	(0.1)	(0.2)	(0.5)
Cost of sales before LIFO	68.9%	68.7%	68.6%

Selling, General, and Administrative Expenses
Selling, general, and administrative expenses were $2.38 billion in 1997, compared with $2.27 billion in 1996, a 4.8% increase. The overall increase was due to a 7.0% increase in sales. As a percent of revenues, selling, general, and administrative expenses decreased 0.2% to 18.7% in 1997, compared with 18.9% in 1996, due to a decrease in credit expense that was partially offset by higher payroll costs.

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 9.9% increase in sales. As a percent of revenues, selling, general, and administrative expenses decreased 0.1% to 18.9% in 1996, compared with 19.0% in 1995, due to an increase in credit expense that was offset by efficiencies across the other selling, general, and administrative expense components.

Selling, general, and administrative expenses include advertising and sales promotion costs of $463 million, $439 million, and $404 million in 1997, 1996, and 1995, respectively.

Interest Expense
Interest expense components were:

(dollars in millions)	1997	1996	1995
Interest expense	$324	$310	$283
Interest income	(11)	(16)	(14)
Capitalized interest	(14)	(17)	(19)
Interest expense, net	$299	$277	$250
Percent of revenues	2.4%	2.3%	2.3%

The increase in 1997 net interest expense was due to increased average debt balances related to 1996 borrowings to finance the company's 1996 common stock purchases, including the purchase of the number of shares issued to acquire certain assets of Strawbridge & Clothier and debt assumed in the Strawbridge & Clothier transaction.

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

Income Taxes

The effective income tax rates were 39.1%, 39.3%, and 39.7% in 1997, 1996, and 1995, respectively. The 1997 effective income tax rate was lower than the 1996 rate as the company realized a full-year benefit from our 1996 second-quarter reincorporation in the state of Delaware.

Impact of Inflation

Inflation has not had a material impact on the company's 1997 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.

Year 2000

In 1996, the company began preparing its computer systems and applications for the year 2000, and anticipates that all significant programming efforts and related testing will be complete by December 1998. These programming and testing costs are not expected to be material.

Primary merchandise vendors and other third parties have assured the company that they are implementing programs to ensure their systems are year 2000 compliant.

Discontinued Operation
Effective May 4, 1996, the company spun off Payless ShoeSource, Inc. (Payless) 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 for 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 21.2% in 1997, compared with 19.4% in 1996, and 20.8% in 1995. The 1997 increase results from the 1996 share repurchase.

Return on Net Assets
Return on net assets measures performance independent of capital structure. Return on net assets represents pretax earnings before net interest expense and the interest component of operating leases, divided by beginning of year net assets (including present value of operating leases). Return on net assets was 18.5% in 1997, compared with 18.8% in 1996 and 20.1% in 1995.

Cash Flow
Cash flow from operations (net earnings plus depreciation/amortization) was $1.2 billion. This was 9.4% of revenues in 1997, compared with 9.3% in 1996 and 9.4% in 1995. The company's cash flow as a percent of revenues continues to be one of the highest in the retail industry, and provides the company with significant resources to enhance shareowners' value.

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

(dollars in millions)	1997	1996	1995
Net earnings and depreciation/amortization	$1,191	$1,123	$1,033
Working capital (increases) decreases	265	142	(330)
Discontinued operation	-	(13)	97
Other operating activities	70	7	48
Capital expenditures and other investing activities	(463)	(603)	(871)
Net long-term debt issuances (repayments)	(340)	412	444
Net purchases of common stock	(329)	(820)	(14)
Dividend payments	(297)	(305)	(296)
Increase (decrease) in cash and cash equivalents	$ 97	$ (57)	$ 111

See "Consolidated Statement of Cash Flows" on page 19.

	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
Cash flow (in millions)	$1,191	$1,123	$1,033	$947	$859	$755	$677	$657	$659	$599	$505
Depreciation and amortization	$ 412	$ 374	$ 333	$297	$281	$283	$273	$253	$234	$236	$187
Net earnings	$ 779	$ 749	$ 700	$650	$578	$472	$404	$404	$425	$362	$318

	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
Book value per common share	$16.49	$15.41	$18.42	$16.65	$14.65	$12.82	$11.26	$10.04	$ 9.32	$10.75	$ 9.13

1997 1996 1995 1994 1993 1992 1991 1990 1989 1988 1987

Return on beginning equity	21.2%	19.4%	20.8%	21.3%	22.1%	21.5%	20.7%	21.8%	18.0%	18.6%	17.0%

	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
Common stock closing price and price range:											
Low price	$43.63	$40.50	$33.50	$32.25	$33.44	$26.00	$22.63	$18.69	$17.31	$14.38	$11.13
High price	$57.13	$52.25	$46.25	$45.13	$46.50	$37.25	$30.19	$29.56	$26.31	$20.00	$25.44
Closing price	$52.56	$44.50	$43.88	$35.13	$39.75	$35.19	$27.44	$22.75	$22.88	$18.75	$16.81

Financing Activities
In 1997, the company did not issue long-term debt. Commercial paper borrowings were made to fund seasonal working capital requirements.

During the first quarter of 1997, the company recorded an extraordinary aftertax loss of $4 million ($5 million pretax) as it retired $100 million of 9.875% debentures due to mature June 1, 2017.

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.

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.

The debt-to-capitalization ratios were 44%, 48%, and 42% for 1997, 1996, and 1995, 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), 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 1997 debt-to-capitalization ratio decreased because debt repayments of $340 million were funded with cash flow from operations. See "Profit Sharing" on page 22 for discussion of the ESOP.

The fixed-charge coverage ratios were 4.1x in 1997 and in 1996, and 4.2x in 1995. 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, remodel existing stores, and eliminate unproductive space.

The 1998 capital expenditure plan approximates $735 million. Capital expenditures for the period 1998 through 2002 are planned at $3.6 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 1998 annual dividend rate was increased by 5.8%, or $.07 per share, to $1.27 per share. This is the 23rd consecutive annual dividend increase. The new annual dividend rate of $1.27 per share was effective with the March 1998 dividend payment. Dividends paid have increased at a compound rate of 7.8% during the past five years. This rate is lower than the five-year compound diluted earnings per share growth rate of 12.1% as, over time, we are returning to the dividend payout levels that existed prior to the spinoff 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 1997 and 1996 were:

			1997			1996
	Market Price		Dividends	Market Price		Dividends
Quarter	High	Low	per Share	High	Low	per Share
First	$49-3/4	$43-5/8	$ .30	$51-7/8	$43-3/8	$ .28-1/2

Second	56-7/8	45-1/4	.30	52-1/4	40-1/2	.29
Third	57-1/8	50-3/4	.30	49-1/2	44-1/8	.29
Fourth	56-7/8	49-7/8	.30	49-5/8	43-5/8	.29
Year	$57-1/8	$43-5/8	$1.20	$52-1/4	$40-1/2	$1.15-1/2

The approximate number of common shareowners as of March 1, 1998, was 43,200.

Effective May 4, 1996, the company distributed the common stock 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.

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

Consolidated Statement of Earnings

(dollars in millions, except per share)	1997	1996	1995
Net Retail Sales	$12,352	$11,546	$10,402
Revenues	$12,685	$12,000	$10,952
Cost of sales	8,732	8,226	7,461
Selling, general, and administrative expenses	2,375	2,265	2,081
Interest expense, net	299	277	250
Total cost of sales and expenses	11,406	10,768	9,792
Earnings from continuing operations before income taxes	1,279	1,232	1,160
Provision for income taxes	500	483	460
Net Earnings from Continuing Operations	779	749	700
Net earnings from discontinued operation	-	11	55
Net earnings before extraordinary loss	779	760	755
Extraordinary loss related to early extinguishment of debt, net of income taxes	(4)	(5)	(3)
Net earnings	$ 775	$ 755	$ 752
Basic Earnings per Share:			
Continuing operations	$ 3.27	$ 2.95	$ 2.73
Discontinued operation	-	0.05	0.22
Net earnings before extraordinary loss	3.27	3.00	2.95
Extraordinary loss	(0.01)	(0.02)	(0.01)
Basic Earnings per Share	$ 3.26	$ 2.98	$ 2.94
Diluted Earnings per Share:			
Continuing operations	$ 3.11	$ 2.82	$ 2.61
Discontinued operation	-	0.04	0.21
Net earnings before extraordinary loss	3.11	2.86	2.82
Extraordinary loss	(0.01)	(0.02)	(0.01)
Diluted Earnings per Share	$ 3.10	$ 2.84	$ 2.81

<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 $10,506.

See Notes to Consolidated Financial Statements.

Consolidated Balance Sheet

(dollars in millions, except per share)	January 31, 1998	February 1, 1997
Assets		
Current Assets:		
Cash	$ 14	$ 12
Cash equivalents	185	90
Accounts receivable, net	2,164	2,425
Merchandise inventories	2,433	2,380
Other current assets	82	128
Total Current Assets	4,878	5,035
Property and Equipment:		
Land	304	287
Buildings and improvements	3,393	3,252
Furniture, fixtures, and equipment	3,028	2,765
Property under capital leases	62	68
Total property and equipment	6,787	6,372
Accumulated depreciation	(2,563)	(2,213)
Property and equipment, net	4,224	4,159
Goodwill	752	776
Other Assets	76	89
Total Assets	$9,930	$10,059
Liabilities and Shareowners' Equity		
Current Liabilities:		
Current maturities of long-term debt	$ 233	$ 256
Accounts payable	842	872
Accrued expenses	640	614
Income taxes payable	151	137
Total Current Liabilities	1,866	1,879
Long-term Debt	3,512	3,849
Deferred Income Taxes	449	401
Other Liabilities	277	267
ESOP Preference Shares	337	347
Unearned Compensation	(320)	(334)
Shareowners' Equity:		
Common stock	115	118
Additional paid-in capital	-	-
Retained earnings	3,694	3,532
Total Shareowners' Equity	3,809	3,650
Total Liabilities and Shareowners' Equity	$9,930	$10,059

Common stock has a par value of $.50 per share; 700 million shares are authorized and 313.6 million shares were issued. At January 31, 1998, 231.0 million shares were outstanding, and 82.6 million shares were held in treasury. At February 1, 1997, 236.9 million shares were outstanding, and 76.7 million shares were held in treasury.

ESOP Preference Shares have a par value of $.50 per share and a stated value of $507 per share; 800,000 shares are authorized. At January 31, 1998, 665,866 shares (convertible into 15.0 million shares of common stock) were issued and outstanding. At February 1, 1997, 685,050 shares (convertible into 15.4 million shares of common stock) were issued and outstanding.

See Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows

(dollars in millions)	1997	1996	1995
Operating Activities:			
Net earnings from continuing operations	$ 779	$ 749	$ 700
Net earnings from discontinued operation	-	11	55
Extraordinary loss related to early extinguishment of debt, net of income taxes	(4)	(5)	(3)
Net earnings	775	755	752
Adjustments for noncash items included in earnings:			
Depreciation and amortization	412	374	333
Noncurrent deferred income taxes	58	45	42
Deferred and unearned compensation	8	10	15
Working capital changes*	265	142	(330)
Other assets and liabilities, net	8	(43)	(6)
Total Operating Activities	1,526	1,283	806
Investing Activities:			
Capital expenditures	(496)	(632)	(801)
Dispositions of property and equipment	33	29	20
Goodwill	-	-	(89)
Other	-	-	(1)
Cash provided by (used in) discontinued operation	-	(24)	42
Total Investing Activities	(463)	(627)	(829)
Financing Activities:			
Issuances of long-term debt	-	800	600
Repayments of long-term debt	(340)	(388)	(156)
Purchases of common stock	(394)	(869)	(71)
Issuances of common stock	65	49	57
Dividend payments	(297)	(305)	(296)
Total Financing Activities	(966)	(713)	134
Increase (Decrease) in Cash and Cash Equivalents	97	(57)	111
Cash and Cash Equivalents, Beginning of Year	102	159	48
Cash and Cash Equivalents, End of Year	$ 199	$ 102	$ 159
*Working capital changes comprise:			
Accounts receivable, net	$ 262	$ 139	$ 29
Merchandise inventories	(53)	(211)	(321)
Other current assets	46	45	13
Accounts payable	(30)	180	(43)
Accrued expenses	26	(20)	(8)
Income taxes payable	14	9	-
Net decrease (increase) in working capital	$ 265	$ 142	$(330)
Cash paid during the year:			
Interest	$ 319	$ 288	$ 268
Income taxes	355	380	448

See Notes to Consolidated Financial Statements.

Consolidated Statement of Shareowners' Equity

(dollars in millions, shares in thousands)	Outstanding Common Stock Shares	Outstanding Common Stock Dollars	Additional Paid-in Capital	Retained Earnings	Total Shareowners' Equity
Balance at 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)
Common stock issued	2,198	1	64	-	65
Common stock purchased	(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)
Common stock issued	6,646	3	258	-	261
Common stock purchased	(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
Net earnings	-	-	-	775	775
Dividends paid:					
Common stock ($1.20 per share)	-	-	-	(279)	(279)
ESOP preference shares, net of tax benefit	-	-	-	(18)	(18)
Common stock issued	2,279	1	74	-	75
Common stock purchased	(8,197)	(4)	(74)	(316)	(394)
Balance at January 31, 1998	231,008	$115	$ -	$3,694	$3,809

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

	1997	1996	1995
Balance, Beginning of Year	76,711	64,766	65,254
Common stock issued:			
Exercise of stock options	(1,581)	(997)	(1,419)
Deferred compensation plan	(162)	(150)	(158)
Restricted stock grants, net of forfeitures	(104)	(246)	(236)
Contribution to Profit Sharing Plan	-	-	(89)
Conversion of ESOP preference shares	(432)	(796)	(296)
Strawbridge & Clothier acquisition	-	(4,457)	-
	(2,279)	(6,646)	(2,198)
Common stock purchased	8,197	18,591	1,710
Balance, End of Year	82,629	76,711	64,766

See Notes to Consolidated Financial Statements.

[The following "Notes to Consolidated Financial Statements" section is a reporduction 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 1997, 1996, and 1995 ended on January 31, 1998, February 1, 1997, and February 3, 1996, 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 369 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 the company's 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 they are incurred.

Income Taxes
Income taxes are accounted for by 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.

Earnings per Share
In 1997, the company adopted Statement of Financial Accounting Standards (SFAS) No.128, "Earnings per Share," for all periods presented. The company's diluted earnings per share calculated under SFAS No. 128 for all prior periods is the same as the previously reported fully diluted earnings per share. References to earnings per share in this annual report relate to diluted earnings per share.

Stock-based Compensation
The company accounts for stock-based compensation by applying APB Opinion No. 25, as allowed under SFAS No. 123, "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 $93 million and $98 million in 1997 and 1996, respectively.

Property and Equipment

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

Goodwill

Goodwill represents the excess of cost over the fair value, at the dates of acquisition, of net tangible assets acquired. 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 $174 million and $151 million in 1997 and 1996, respectively.

Long-lived Assets

Long-lived assets and certain identifiable intangibles, to be held and used or disposed of, are reviewed to determine whether the carrying amount of the asset is recoverable. No impairment losses have resulted from these reviews.

Financial Derivatives

Financial derivatives are used only to reduce risk in conjunction with specific business transactions. The company periodically purchased forward contracts on firm commitments to minimize the risk of foreign currency fluctuations. None of these contracts were significant.

Reclassifications

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

Quarterly Results (Unaudited)
Quarterly results are determined in accordance with 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:

(dollars in millions, except per share)	First	Second	1997 Quarter Third	Fourth	1997 Year
Revenues	$2,675	$2,749	$2,969	$4,292	$12,685
Cost of sales	$1,881	$1,921	$2,097	$2,833	$ 8,732
Net earnings	$ 98	$ 116	$ 120	$ 445	$ 779
Basic earnings per share	$ 0.39	$ 0.48	$ 0.50	$ 1.90	$ 3.27
Diluted earnings per share	$ 0.38	$ 0.46	$ 0.48	$ 1.79	$ 3.11

(dollars in millions, except per share)	First	Second	1996 Quarter 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	$ 98	$ 110	$ 118	$ 423	$ 749
Basic earnings per share	$ 0.37	$ 0.42	$ 0.46	$ 1.70	$ 2.95
Diluted earnings per share	$ 0.36	$ 0.41	$ 0.44	$ 1.61	$ 2.82

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 what the pro forma diluted per share impact of LIFO would have been had the final variables and factors been known at the beginning of each year:

	1997		1996	
Quarter	Pro Forma	As Reported	Pro Forma	As Reported
First	$ 0.00	$ 0.02	$(0.01)	$ 0.02
Second	0.00	0.02	(0.01)	0.02
Third	0.00	0.01	(0.01)	0.00
Fourth	(0.01)	(0.06)	(0.02)	(0.09)
Year	$(0.01)	$(0.01)	$(0.05)	$(0.05)

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 $48 million for 1997, which represents a record effective match rate of 104%. The matching allocation value was $43 million and $33 million in 1996 and 1995, 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 (788,955 shares) of convertible preference stock of the company (ESOP preference shares). Each share is 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%.

The $342 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 $29 million in 1997, $31 million in 1996, and $32 million in 1995. ESOP preference shares' dividends were $26 million in 1997 and 1996, and $28 million in 1995. ESOP debt principal payments began in 1993. The release of ESOP preference shares is based upon debt-service payments. Upon release, 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. It is reduced as principal is repaid.

The company's expense related to the Profit Sharing Plan was $24 million, $22 million, and $17 million in 1997, 1996, and 1995, respectively.

At January 31, 1998, the Profit Sharing Plan beneficially owned 11.0 million shares of the company's common stock and 100% of the company's ESOP preference shares. These holdings represent 10.6% of the company's common stock.

Pension

The company has two qualified defined-benefit retirement plans that cover substantially all associates who work 1,000 hours or more in a year and have attained age 21. The plans are noncontributory. They provide benefits based upon years of service and pay during employment.

The company also maintains two nonqualified supplementary defined-benefit retirement plans for certain associates.

Pension expense is based on information provided by an outside actuarial firm, which uses assumptions to estimate the total benefits ultimately payable to associates and then allocates this cost to service periods. The actuarial assumptions used to calculate pension costs are reviewed annually.

The following tables summarize the funded status of the plans, components of pension expense, actuarial assumptions, and definitions of terms for both the qualified and nonqualified plans.

Qualified Plans (funded) (dollars in millions)	1997	1996
Actuarial Present Value of Benefit Obligations:		
Vested benefit obligation	$406	$323
Nonvested benefit obligation	27	27
Accumulated benefit obligation (ABO)	433	350
Estimated effect of future salary increases	43	33
Projected benefit obligation (PBO)	476	383
Plan assets at fair value (primarily equity and fixed income securities)	490	409
Plan assets in excess of PBO	14	26
Unrecognized obligation	1	1
Unrecognized gain	(20)	(32)
Unrecognized prior service cost	2	2
Accrued pension cost	$ (3)	$ (3)
Plan assets in excess of ABO	$ 57	$ 59

Nonqualified Plans (unfunded) (dollars in millions)	1997	1996
Actuarial Present Value of Benefit Obligations:		
Vested benefit obligation	$ 69	$ 62
Nonvested benefit obligation	17	13
Accumulated benefit obligation (ABO)	86	75
Estimated effect of future salary increases	16	15
Projected benefit obligation (PBO)	102	90
Plan assets at fair value	0	0
Plan assets less than PBO	(102)	(90)
Unrecognized obligation	1	2
Unrecognized loss	10	3
Unrecognized prior service cost	13	13
Accrued pension cost	$ (78)	$(72)
Plan assets less than ABO	$ (86)	$(75)

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) (dollars in millions)	1997	1996	1995
Service cost	$28	$27	$21
Interest on PBO	34	24	22
Expected return on assets	(30)	(20)	(18)
Net amortization	2	-	3
Total	$34	$31	$28

			January 1,
Actuarial Assumptions	1998	1997	1996
Discount rate	7.0 %	7.5 %	7.0 %
Expected return on plan assets	7.25	7.75	7.25
Salary increase	4.5	4.5	4.5

At the end of 1997, the discount rate was decreased as a result of a general decrease 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.

Net amortization is 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 $144 million in 1997 as its matching contribution to the $144 million paid in by associates.

The company provides postretirement life and/or health benefits for certain associates. At the end of 1997, the company decreased the discount rate assumption from 7.5% to 7.0%, which resulted in a $2 million increase in the present value of future obligations. As of January 31, 1998, the company's estimated present value of future obligations for postretirement benefits was $44 million, of which $42 million was accrued in other liabilities on the accompanying balance sheet. As provided in SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," an unrecognized net loss of less than 10% of the liability need not be amortized. The estimated future obligations are based upon assumed annual health care cost increases of 11% for 1998, decreasing by 1% annually to 7% for 2002 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 post-retirement plan is unfunded. The postretirement expense was $3 million in 1997 and 1996, and $2 million in 1995.

Taxes

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

(dollars in millions)	1997 $	1997 %	1996 $	1996 %	1995 $	1995 %
Federal	$359		$344		$343	
State and local	65		69		70	
Taxes currently payable	424	33.2%	413	33.6%	413	35.7%
Federal	64		58		40	
State and local	12		12		7	
Deferred taxes	76	5.9	70	5.7	47	4.0
Total	$500	39.1%	$483	39.3%	$460	39.7%

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

	1997	1996	1995
Statutory federal income tax rate	35.0%	35.0%	35.0%
State and local income taxes	6.0	6.6	6.7
Federal tax benefit of state and local income taxes	(2.1)	(2.3)	(2.3)
Other, net	0.2	-	0.3
Effective income tax rate	39.1%	39.3%	39.7%

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

(dollars in millions)	Jan. 31, 1998	Feb. 1, 1997
Accrued expenses and reserves	$144	$130
Deferred and other compensation	116	103
Depreciation/amortization and basis differences	(460)	(407)
Other deferred income tax liabilities, net	(224)	(155)
Net deferred income taxes	(424)	(329)
Less: Net current deferred income tax assets	25	72
Noncurrent deferred income taxes	$(449)	$(401)

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

Earnings per Share

During 1997, the company adopted SFAS No. 128, "Earnings per Share," for all periods. The following tables reconcile net earnings and weighted average shares outstanding to amounts used to calculate basic and diluted earnings per share for 1997, 1996, and 1995.

(dollars in millions, except per share)	Net Earnings	Shares	1997 Earnings per Share
Net earnings	$779		
ESOP preference shares' dividends	(18)		
Basic earnings per share	761	232.3	$3.27
ESOP preference shares	14	15.2	
Assumed exercise of options (treasury stock method)	-	1.5	
Diluted earnings per share	$775	249.0	$3.11

(dollars in millions, except per share)	Net Earnings	Shares	1996 Earnings per Share
Net earnings	$749		
ESOP preference shares' dividends	(18)		
Basic earnings per share	731	247.2	$2.95
ESOP preference shares	13	15.4	
Assumed exercise of options (treasury stock method)	-	1.5	
Diluted earnings per share	$744	264.1	$2.82

(dollars in millions, except per share)	Net Earnings	Shares	1995 Earnings per Share
Net earnings	$700		
ESOP preference shares' dividends	(19)		
Basic earnings per share	681	248.9	$2.73
ESOP preference shares	12	14.9	
Assumed exercise of options			

(treasury stock method)	-	1.0	
Diluted earnings per share	$693	264.8	$2.61

Accounts Receivable

During 1997, credit sales under department store credit programs were $5.8 billion, or 45.6% of 1997 revenues; this compares with 50.0% in 1996 and 54.5% in 1995. An estimated 28 million customers hold credit cards under the company's various credit programs.

Sales made through third-party credit cards totaled $3.6 billion in 1997, compared with $3.0 billion in 1996 and $2.4 billion in 1995.

Net accounts receivable consisted of:

(dollars in millions)	Jan. 31, 1998	Feb. 1, 1997
Customer accounts receivable	$2,167	$2,410
Other accounts receivable	93	119
Total accounts receivable	2,260	2,529
Allowance for uncollectible accounts	(96)	(104)
Accounts receivable, net	$2,164	$2,425

The fair value of trade accounts receivable approximates their carrying values at January 31, 1998, and February 1, 1997, due to the short-term nature of these accounts.

Other Current Assets

In addition to net current deferred income tax assets, other current assets consisted of prepaid expenses and supply inventories of $57 million and $56 million in 1997 and 1996, respectively.

Other Assets

Major components of other assets included:

(dollars in millions)	Jan. 31, 1998	Feb. 1, 1997
Notes receivable	$29	$32
Deferred debt expense	30	31

Accrued Expenses

Major components of accrued expenses included:

(dollars in millions)	Jan. 31, 1998	Feb. 1, 1997
Insurance costs	$164	$153
Salaries, wages, and employee benefits	112	105
Sales, use, and other taxes	97	91
Interest and rent expense	92	94
Advertising and other operating expenses	65	51
Store closings and real estate-related expenses	38	51
Construction costs	34	44

Short-term Debt and Lines of Credit

Short-term borrowings for the last three years were:

(dollars in millions)	1997	1996	1995
Balance outstanding at year end	-	-	-
Average balance outstanding	$182	$ 35	$ 75
Average interest rate on average balance	5.7%	5.7%	6.2%
Maximum balance outstanding	$487	$178	$246

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.

Long-term Debt

Long-term debt and capital lease obligations were:

(dollars in millions)	Jan. 31, 1998	Feb. 1, 1997
5.7% to 10.75% unsecured notes and sinking-fund debentures due 1998-2036	$3,630	$3,981
3.0 % to 10.0 % mortgage notes and bonds due 2000-2012	62	66
Debt	3,692	4,047
Capital lease obligations	53	58
Total debt and capital lease obligations	3,745	4,105
Less current maturities	233	256
Total long-term	$3,512	$3,849

In the first quarter of 1997, the company called $100 million of 9.875% debentures due to mature June 1, 2017, and recorded an extraordinary aftertax loss of $4 million ($5 million pretax).

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 $233 million, $93 million, $246 million, $79 million, and $268 million for 1998 through 2002.

The net book value of property and equipment encumbered under long-term debt agreements was $127 million at January 31, 1998.

The fair value of long-term debt (excluding capital lease obligations) was approximately $4.2 billion and $4.4 billion at January 31, 1998, and February 1, 1997, respectively. The fair value was determined using borrowing rates for debt instruments with similar terms and maturities. The increase in the spread between fair value and the carrying amount of long-term debt in 1997 compared with 1996 was due to lower interest rates at the end of 1997.

Lease Obligations

The company owns approximately 75% of its stores. Rental expense for the company's operating leases consisted of:

(dollars in millions)	1997	1996	1995
Minimum rentals	$47	$45	$38
Contingent rentals based on sales	17	17	15
Real property rentals	64	62	53

Equipment rentals	4	4	4
Total	$68	$66	$57

Future minimum lease payments at January 31, 1998, were as follows:

(dollars in millions)	Capital Leases	Operating Leases	Total
1998	$ 7	$ 46	$ 53
1999	7	42	49
2000	7	39	46
2001	7	35	42
2002	6	33	39
After 2002	100	299	399
Minimum lease payments	$134	$494	$628
Less imputed interest component	81		
Present value of net minimum lease payments of which $1 million is included in current liabilities	$ 53		

The present value of operating leases was $260 million at January 31, 1998.

Property under capital leases is summarized as follows:

(dollars in millions)	Jan. 31, 1998	Feb. 1, 1997
Cost	$ 62	$ 68
Accumulated amortization	(33)	(34)
Total	$ 29	$ 34

Other Liabilities

In addition to accrued pension and postretirement costs, other liabilities consisted principally of deferred compensation liabilities of $154 million at January 31, 1998, and $151 million at February 1, 1997. 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 participants who defer in stock units, and it maintains shares in treasury sufficient to settle all outstanding stock unit obligations.

Preference Stock

The company is authorized to issue up to 25,000,000 shares of $.50 par value preference stock. As of January 31, 1998, 800,000 ESOP preference shares were authorized and 665,866 were outstanding.

The ESOP preference shares are shown separately outside of shareowners' equity in the consolidated balance sheet because the shares are redeemable by the holder or by the company in certain situations.

Common Stock Repurchase Programs

During 1997 and 1996, the company repurchased $300 million and $600 million of May common stock (6.4 million and 12.7 million shares, respectively) in the open market.

In addition, on February 12, 1998, the company announced plans to repurchase up to $650 million of May common stock. Such purchases will be made in the open market as market conditions and regulatory rules allow.

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 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.

A summary of the status of the various stock option plans at the end of 1997 and 1996 and of the changes within years is presented below:

(shares in thousands)	1997 Shares	1997 Exercise Price Range	1997 Average Exercise Price	1996 Shares	1996 Exercise Price Range	1996 Average Exercise Price
Outstanding at beginning of year	6,721	$11-49	$37	5,687	$11-40	$32
Granted	2,105	47-55	48	2,583	43-49	45
Exercised	(1,590)	11-47	31	(1,042)	11-40	28
Forfeited or expired	(416)	19-55	42	(507)	25-45	36
Outstanding at end of year	6,820	$11-55	$42	6,721	$11-49	$37
Exercisable at end of year	2,143	$11-49	$36	2,186	$11-40	$31
Shares available for additional grants	7,647			9,349		

Fair value of options granted	$17	$17

The following table summarizes information about stock options outstanding at January 31, 1998:

	Options Outstanding			Options Exercisable	
Exercise Price Range	Number Outstanding at Jan. 31 (in thousands)	Average Remaining Contractual Life	Average Exercise Price	Number Exercisable at Jan. 31 (in thousands)	Average Exercise Life
$ 11	3	3	$11	3	3
24-36	2,333	6	32	1,450	6
36-54	4,418	8	44	690	8
55	66	10	-	-	-
	6,820	8	36	2,143	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 10 years, as determined at the date of the grant. In 1997 and 1996, the company granted 123,032 and 257,790 shares of restricted stock, respectively, under the 1994 Stock Incentive Plan.

The company's plans are accounted for as provided by 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; it 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.

As an alternative to accounting for stock-based compensation under APB No. 25, SFAS No. 123, "Accounting for Stock-based Compensation," establishes a fair-value method of accounting for employee stock options or similar equity instruments. The company used the Black-Scholes option pricing model to estimate the grant date fair value of its 1995 and later option grants. The fair value is recognized over the option vesting period. As the fair value represents only 1995 and later option grants, the pro forma impact shown below may not be representative of future years. 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:

(dollars in millions, except per share)	1997	1996	1995
Net earnings from continuing operations:			
As reported	$ 779	$ 749	$ 700
Pro forma	766	740	697
Basic EPS from continuing operations:			
As reported	$3.27	$2.95	$2.73
Pro forma	3.22	2.92	2.72
Diluted EPS from continuing operations:			
As reported	$ 3.11	$2.82	$2.61
Pro forma	3.07	2.79	2.60

The following Black-Scholes assumptions were used in the calculations above:

	1997	1996	1995
Risk-free interest rate	6.6%	6.8%	6.4%
Expected dividend yield	$1.20	$1.16	$1.14
Option life	10 yrs.	10 yrs.	10 yrs.
Expected volatility	24%	25%	23%

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.

Acquisition

In July 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. This asset acquisition has been accounted for as a purchase. Accordingly, the operating results of the acquired stores have been included in the company's consolidated results since the acquisition date. The acquisition did not have a material effect on the results of operations or financial position of the company in 1996.

Discontinued Operation

The company spun off Payless effective May 4, 1996, as a tax-free distribution to shareowners. The company's financial statements presented herein reflect Payless as a discontinued operation. Payless revenues were $601 million and $2,330 million, in 1996 and 1995, respectively. The reported net earnings from the discontinued operation were net of $16 million and $36 million in income tax expense for 1996 and 1995, respectively.

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

Eleven-year Financial Summary

(dollars in millions, except per share)	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
Net Retail Sales	$12,352	$11,546	$10,402	$ 9,688	$8,945	$8,334	$7,785	$7,420	$6,951	$6,103	$4,681
Operations											
Revenues	$12,685	$12,000	$10,952	$10,107	$9,562	$9,362	$9,068	$8,700	$8,356	$7,742	$6,415
Cost of sales	8,732	8,226	7,461	6,879	6,537	6,459	6,275	6,047	5,734	5,348	4,492
Selling, general, and administrative expenses	2,375	2,265	2,081	1,916	1,824	1,859	1,861	1,772	1,735	1,645	1,325
Interest expense, net	299	277	250	233	244	279	315	278	231	196	77
Earnings from continuing operations before income taxes	1,279	1,232	1,160	1,079	957	579*	617	603	656	553	521
Provision for income taxes	500	483	460	429	379	107*	213	199	231	191	203
Net Earnings from Continuing Operations	779	749	700	650	578	472	404	404	425	362	318
LIFO charge (credit)	(5)	(20)	(53)	(46)	7	10	26	39	(22)	(3)	8
Net earnings	775	755	752	782	711	603	515	500	498	534	444
Depreciation and amortization	412	374	333	297	281	283	273	253	234	236	187
Cash flow from operations 1	1,191	1,123	1,033	947	859	755	677	657	659	599	505
Net issuances (repayments) of long-term debt 2	(340)	412	444	118	(190)	(248)	313	590	169	891	(61)
Capital expenditures	496	632	801	682	560	284	366	466	470	292	353
Dividends on common stock	279	287	277	251	223	204	198	191	186	184	170
Per Share											
Net Earnings from Continuing Operations 3	$ 3.11	$ 2.82	$ 2.61	$ 2.43	$ 2.15	$ 1.76	$ 1.52	$ 1.51	$ 1.50	$ 1.23	$ 1.03
Net earnings 3,4	3.10	2.84	2.81	2.92	2.65	2.26	1.93	1.87	1.76	1.81	1.44
Dividends paid 5	1.20	1.16	1.12	1.01	.90	.83	.81	.77	.69	.62	.56
Book value	16.49	15.41	18.42	16.65	14.65	12.82	11.26	10.04	9.32	10.75	9.13
Market price:											
- high	57.13	52.25	46.25	45.13	46.50	37.25	30.19	29.56	26.31	20.00	25.44
- low	43.63	40.50	33.50	32.25	33.44	26.00	22.63	18.69	17.31	14.38	11.13
- average of high and low	50.38	46.38	39.88	38.69	39.97	31.63	26.41	24.13	21.81	17.19	18.28
Financial Position											
Customer accounts receivable	$ 2,167	$ 2,410	$ 2,377	$ 2,418	$2,367	$2,373	$2,377	$2,456	$2,223	$2,099	$1,590
Merchandise inventories	2,433	2,380	2,134	1,813	1,647	1,476	1,436	1,375	1,278	1,141	880
Working capital	3,012	3,156	3,536	3,069	2,960	2,730	3,089	2,672	2,094	2,123	1,827
Property and equipment, net	4,224	4,159	3,744	3,275	2,977	2,774	2,808	2,728	2,446	2,285	1,830
Long-term debt and preference stock	3,849	4,196	3,701	3,240	3,192	3,256	4,299	3,948	3,387	2,384	1,048
Shareowners' equity	3,809	3,650	4,585	4,135	3,639	3,181	2,781	2,467	2,319	3,050	2,723
Total assets	9,930	10,059	10,122	9,237	8,614	8,376	8,566	8,083	7,570	7,374	5,464
Statistics											
Percent of revenues:											
Net earnings from continuing operations	6.1%	6.2%	6.4%	6.4%	6.0%	5.0%	4.5%	4.6%	5.1%	4.7%	5.0%
Cash flow from operations1	9.4	9.3	9.4	9.4	9.0	8.1	7.5	7.6	7.9	7.7	7.9
Return on equity	21.2	19.4	20.8	21.3	22.1	21.5	20.7	21.8	18.0	18.6	17.0
Return on net assets	18.5	18.8	20.1	20.1	19.0	15.4**	14.5	15.8	16.9	16.2	15.7
Stores Open at Year-end	369	365	346	314	301	303	318	324	288	297	258
Average Shares Outstanding and Equivalents											
Basic	232.3	247.2	248.9	248.4	248.4	247.5	246.8	248.1	265.7	294.0	303.7
Diluted	249.0	264.1	264.8	264.9	265.4	264.7	264.0	264.8	279.5	294.8	306.3

<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 $247 million of debt assumed in the Strawbridge & Clothier

acquisition in 1996, 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 diluted basis.

4 Basic earnings per share were $.16 higher in 1997, $.14 higher in 1996, $.13 higher in 1995, $.15 higher in 1994, $.14 higher in 1993, $.10 higher in 1992, $.08 higher in 1991, $.07 higher in 1990, $.06 higher in 1989, and $.01 higher in each of 1988 and 1987.

5 The annual dividend was increased to $1.27 per share effective with the March 15, 1998, dividend payment.

* 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.

[The following "Management's Responsibility and Report of Independent Public Accountants" section is a reproduction of the same named section included in the paper format Annual Report on page 30.]

Management's Responsibility and Report of Independent Public Accountants

Management's Responsibility

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 five times during 1997. 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.

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 January 31, 1998, and February 1, 1997, and the related consolidated statements of earnings, shareowners' equity and cash flows for each of the three fiscal years in the period ended January 31, 1998. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The May Department Stores Company and subsidiaries as of January 31, 1998, and February 1, 1997, and the results of their operations and their cash flows for each of the three fiscal years in the period ended January 31, 1998, in conformity with generally accepted accounting principles.

Arthur Andersen LLP
1010 Market Street
St. Louis, Missouri 63101-2089
February 11, 1998

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET, STATEMENT OF EARNINGS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ON PAGES 17, 18 AND 21 - 27, RESPECTIVELY, OF THE MAY DEPARTMENT STORES COMPANY 1997 ANNUAL REPORT AND IS QUALIFIED IN ITS ENTIRETY 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, 1997

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, 1997	4
Statement of Net Assets Available for Benefits - December 31, 1996	7
Statement of Changes in Net Assets Available for Benefits for the Year Ended December 31, 1997	10
Notes to Financial Statements - December 31, 1997 and 1996	12
Schedule I - Item 27(a): Schedule of Assets Held for Investment Purposes - December 31, 1997	18
Schedule II - Item 27(d): Schedule of Reportable Transactions for the Year Ended December 31, 1997	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 22, 1998

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 of The May Department Stores Company Profit Sharing Plan as of December 31, 1997 and 1996, and the related statement of changes in net assets available for benefits for the year ended December 31, 1997. These financial statements and the schedules referred to below are the responsibility of the Plan Administrator. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 1997 and 1996, and the changes in net assets available for benefits for the year ended December 31, 1997, 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 22, 1998

THE MAY DEPARTMENT STORES COMPANY

PROFIT SHARING PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 1997
(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	$551,965	$241,377	$ -
Common stock	-	-	160,657
Commingled equity index fund	-	-	-
Short-term investments	-	-	605
U.S. government securities	-	-	-
Fixed income investments	-	-	-
Total investments	551,965	241,377	161,262
OTHER ASSETS:			
Receivable (payable) for allocation to member accounts	(45,558)	45,558	-
Dividends and interest receivable	-	-	3
Receivable - withholdings of member contributions	-	-	-
Member interfund transfers	-	(190)	(65)
Total assets	506,407	286,745	161,200
LIABILITIES			
LIABILITIES:			
Notes payable	342,329	-	-
Accrued interest payable	4,805	-	-
Net amount payable for investment securities transactions and other	-	-	47
Amounts payable for administrative expenses	-	-	151
Total liabilities	347,134	-	198
NET ASSETS AVAILABLE FOR BENEFITS	$159,273	$286,745	$161,002
NUMBER OF UNITS AT DECEMBER 31, 1997			3,009
VALUE PER UNIT AT DECEMBER 31, 1997			$ 53.51

(Continued on following page)

THE MAY DEPARTMENT STORES COMPANY

PROFIT SHARING PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 1997
(Thousands, except per unit information)

	Participant Directed Investment Funds			
ASSETS	May Common Stock	Common Stock Index	Money Market	Fixed Income Index
INVESTMENTS, at fair value:				
The May Department Stores Company-				
Convertible preferred stock	$ -	$ -	$ -	$ -
Common stock	415,381	-	-	-
Commingled equity index fund	-	124,796	-	-
Short-term investments	1,564	330	63,908	1,191
U.S. government securities	-	-	-	28,367
Fixed income investments	-	-	-	9,196
Total investments	416,945	125,126	63,908	38,754
OTHER ASSETS:				
Receivable (payable) for allocation to member accounts	-	-	-	-
Dividends and interest receivable	8	187	322	569
Receivable - withholdings of member contributions	381	250	60	56
Member interfund transfers	(167)	2,119	(1,520)	(177)
Total assets	417,167	127,682	62,770	39,202
LIABILITIES				
LIABILITIES:				
Notes payable	-	-	-	-
Accrued interest payable	-	-	-	-
Net amount payable for investment securities transactions and other	123	130	-	304
Amounts payable for administrative expenses	392	216	165	133
Total liabilities	515	346	165	437
NET ASSETS AVAILABLE FOR BENEFITS	$416,652	$127,336	$62,605	$38,765
NUMBER OF UNITS AT DECEMBER 31, 1997	7,786	30,982	38,645	20,403
VALUE PER UNIT AT DECEMBER 31, 1997	$53.51	$4.11	$1.62	$1.90

(Continued on following page)

THE MAY DEPARTMENT STORES COMPANY

PROFIT SHARING PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 1997
(Thousands, except per unit information)

ASSETS	Distribution Account	Total
INVESTMENTS, at fair value:		
The May Department Stores Company-		
Convertible preferred stock	$ -	$ 793,342
Common stock	-	576,038
Commingled equity index fund	-	124,796
Short-term investments	4,425	72,023
U.S. government securities	-	28,367
Fixed income investments	-	9,196
Total investments	4,425	1,603,762
OTHER ASSETS:		
Receivable (payable) for allocation to member accounts	-	-
Dividends and interest receivable	-	1,089
Receivable - withholdings of member contributions	-	747
Member interfund transfers	-	-
Total assets	4,425	1,605,598
LIABILITIES		
LIABILITIES:		
Notes payable	-	342,329
Accrued interest payable	-	4,805
Net amount payable for investment securities transactions and other	4,425	5,029
Amounts payable for administrative expenses	-	1,057
Total liabilities	4,425	353,220
NET ASSETS AVAILABLE FOR BENEFITS	$ -	$1,252,378

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, 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
Commingled equity index fund	-	-	-
Short-term investments	-	-	737
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	-	-	-
Member interfund transfers	-	(137)	405
Total assets	504,250	218,473	159,468
LIABILITIES			
LIABILITIES:			
Notes payable	362,557	-	-
Accrued interest payable	5,085	-	-
Net amount payable 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	Common Stock Index	Money Market	Fixed Income Index
INVESTMENTS, at fair value:				
The May Department Stores Company-				
Convertible preferred stock	$ -	$ -	$ -	$ -
Common stock	380,739	-	-	-
Commingled equity index fund	-	81,872	-	-
Short-term investments	1,771	461	50,701	1,570
U.S. government securities	-	-	-	26,715
Fixed income investments	-	-	-	5,802
Total investments	382,510	82,333	50,701	34,087
OTHER ASSETS:				
Receivable (payable) for allocation to member accounts	-	-	-	-
Dividends and interest receivable	9	271	234	418
Receivable - withholdings of member contributions	350	139	70	47
Member interfund transfers	975	(170)	(1,034)	(39)
Total assets	383,844	82,573	49,971	34,513
LIABILITIES				
LIABILITIES:				
Notes payable	-	-	-	-
Accrued interest payable	-	-	-	-
Net amount payable for investment security transactions and other	511	-	-	896
Amounts payable for administrative expenses	307	158	130	107
Total liabilities	818	158	130	1,003
NET ASSETS AVAILABLE FOR BENEFITS	$383,026	$82,415	$49,841	$33,510
NUMBER OF UNITS AT DECEMBER 31, 1996	8,232	26,571	32,234	18,858
VALUE PER UNIT AT DECEMBER 31, 1996	$46.53	$3.10	$1.55	$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
Commingled equity index fund	-	81,872
Short-term investments	2,602	57,842
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
Member interfund transfers	-	-
Total assets	2,602	1,435,694
LIABILITIES		
LIABILITIES:		
Notes payable	-	362,557
Accrued interest payable	-	5,085
Net amount payable 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 CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 1997
(Thousands)

	Nonparticipant Directed Investment Funds		
	ESOP Preference		May Common Stock
	Unallocated	Member Allocated	
NET APPRECIATION IN FAIR VALUE OF INVESTMENTS	$ 54,699	$ 36,374	$ 19,360
INVESTMENT INCOME:			
Dividends	18,862	6,863	3,860
Interest	-	-	41
	18,862	6,863	3,901
CONTRIBUTIONS:			
Member	-	-	-
Employer allocation	(45,679)	45,679	-
Employer ESOP contribution	24,173	-	-
Member interfund transfers	-	(2,343)	(8,500)
	(21,506)	43,336	(8,500)
DEDUCTIONS:			
Member terminations and withdrawals	-	18,301	12,239
Interest expense	29,390	-	-
Administrative expenses	-	-	647
	29,390	18,301	12,886
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	22,665	68,272	1,875
NET ASSETS AVAILABLE FOR BENEFITS AT DECEMBER 31, 1996	136,608	218,473	159,127
NET ASSETS AVAILABLE FOR BENEFITS AT DECEMBER 31, 1997	$159,273	$286,745	$161,002

(Continued on following page)

THE MAY DEPARTMENT STORES COMPANY

PROFIT SHARING PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 1997
(Thousands)

	Participant Directed Investment Funds				
	May Common Stock	Common Stock Index	Money Market	Fixed Income Index	Total
NET APPRECIATION IN FAIR VALUE OF INVESTMENTS	$ 48,485	$ 26,852	$ -	$ 494	$ 186,264
INVESTMENT INCOME:					
Dividends	9,621	1,879	-	-	41,085
Interest	101	53	3,263	2,322	5,780
	9,722	1,932	3,263	2,322	46,865
CONTRIBUTIONS:					
Member	44,921	16,784	7,678	5,900	75,283
Employer allocation	-	-	-	-	-
Employer ESOP contribution	-	-	-	-	24,173
Member interfund transfers	(23,333)	12,298	19,922	1,956	-
	21,588	29,082	27,600	7,856	99,456
DEDUCTIONS:					
Member terminations and withdrawals	44,558	12,102	17,445	4,905	109,550
Interest expense	-	-	-	-	29,390
Administrative expenses	1,611	843	654	512	4,267
	46,169	12,945	18,099	5,417	143,207
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	33,626	44,921	12,764	5,255	189,378
NET ASSETS AVAILABLE FOR BENEFITS AT DECEMBER 31, 1996	383,026	82,415	49,841	33,510	1,063,000
NET ASSETS AVAILABLE FOR BENEFITS AT DECEMBER 31, 1997	$416,652	$127,336	$62,605	$38,765	$1,252,378

The accompanying notes are an integral part of this statement.

THE MAY DEPARTMENT STORES COMPANY

PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1997 AND 1996

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 as defined. 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 are used for the employer allocation and no May common shares are contributed as a supplemental contribution. The effective matching rate is also 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.

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, 1997, the nonparticipant directed May Common Stock and ESOP Member Allocated Funds include approximately $59,893,000 and $64,231,000, 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, 1997, will be made in May 1998 and will be in the form of 38,387 ESOP Preference Shares.

ESOP Feature

In 1989, the Plan was amended and restated to add an ESOP feature and acquired 788,955 shares of convertible preferred stock of May (the "ESOP Preference Shares"). Each ESOP Preference Share costs $507, has a guaranteed minimum value of $507 and is convertible into 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. 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, 1997 and 1996.

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, 1997 and 1996, the ESOP Preference Shares were valued at their conversion values of $1,186.78 and $1,053.04, respectively.

Federal Income Taxes

The Trust established under the Plan to hold the Plan's assets is qualified pursuant to Sections 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 dated December 13, 1994. The Plan has been amended since receiving the determination letter. The Plan administration believes that the amendments do not affect the tax-exempt status of the Plan.

In a request filed under the Voluntary Compliance Resolution ("VCR") program, May identified a nonexempt prohibited transaction. In April 1997, May, in conformance with a VCR Compliance Statement issued by the Internal Revenue Service ("IRS"), corrected the transaction. In September 1997, May filed Forms 5330 and paid the applicable excise tax. In December 1997, May received notice that the IRS accepted the Forms 5330.

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.

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, 1997 and 1996, are as follows (dollars in thousands):

	December 31, 1997		December 31, 1996	
	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	465,093	$ 551,965	516,956	$ 544,377
Member allocated	203,387	241,377	169,492	178,483
	668,480	793,342	686,448	722,860
The May Department Stores Company Common Stock	10,933,100	576,038	11,530,716	539,061
The Bank of New York Short-Term Investment Fund - Master Notes	$72,023	72,023	$57,842	57,842
Chase Investors Commingled Equity Index Fund	131,291	124,796	112,782	81,872
Total		$1,566,199		$1,401,635

4. NOTES PAYABLE:

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

	1997	1996
ESOP Notes Payable:		
Series A, 8.32%, due April 30, 2001	$138,365	$158,593
Series B, 8.49%, due April 30, 2004	203,964	203,964
	$342,329	$362,557

The scheduled principal payments for the Series A ESOP Note for the remaining four years are as follows: 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 with a payment of $52,317,000. As of December 31, 1997 and 1996, the total fair value of the ESOP Notes was approximately $402,988,000 and $430,341,000, respectively.

5. RECONCILIATION TO FORM 5500:

As of December 31, 1997 and 1996, the Plan had approximately $19,127,000 and $13,523,000, respectively, of pending distributions to participants. These amounts are included in Net Assets Available for Benefits. For reporting on the Plan's Form 5500, these amounts will be classified as Benefit Claims Payable with a corresponding reduction in Net Assets Available for Benefits. The following table reconciles the financial statements to the Form 5500 which will be filed by the Plan for the Plan year ended December 31, 1997 (thousands):

	Benefits Payable to Participants	Benefits Paid	Net Assets Available for Benefits
Per financial statements	$ -	$109,550	$1,252,378
Pending benefit distributions - December 31, 1997	19,127	19,127	(19,127)
Pending benefit distributions - December 31, 1996	-	(13,523)	-
Per Form 5500	$19,127	$115,154	$1,233,251

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.

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, 1997

(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	465,093	$235,802	$ 551,965
	Allocated	203,387	103,117	241,377
	ESOP Preference Fund Total		$338,919	$ 793,342
	MAY COMMON STOCK FUND			
*	The May Department Stores Company Common stock	10,933,100	$256,492	$ 576,038
*	The Bank of New York Short-Term Investment Fund- Master Notes	$ 2,169,256	2,169	2,169
	May Common Stock Fund Total		$258,661	$ 578,207
	COMMON STOCK INDEX FUND			
	Chase Investors Commingled Equity Index Fund	131,291	$ 69,507	$ 124,796
*	The Bank of New York Short-Term Investment Fund- Master notes	$ 329,823	330	330
	Common Stock Index Fund Total		$ 69,837	$ 125,126
	MONEY MARKET FUND			
*	The Bank of New York Short-Term Investment Fund- Master Notes	$63,907,947	$ 63,908	$ 63,908
	FIXED INCOME INDEX FUND			
*	The Bank of New York Short-Term Investment Fund- Master Notes	$ 1,191,272	$ 1,191	$ 1,191

* 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:			
	6.625%, due 05/15/07	$1,200,000	$ 1,226	$ 1,270
	5.125%, due 12/31/98	1,200,000	1,178	1,195
	7.875%, due 11/15/04	1,000,000	1,110	1,118
	13.75%, due 08/15/04	525,000	810	752
	5.5%, due 04/15/00	3,000,000	2,877	2,988
	6.75%, due 06/30/99	5,800,000	5,860	5,890
	6.125%, due 12/31/01	1,500,000	1,499	1,520
	7.75%, due 01/31/00	1,000,000	1,036	1,040
	5.875%, due 02/15/04	1,300,000	1,253	1,311
	5.25%, due 01/31/01	2,300,000	2,265	2,272
	6.875%, due 05/15/06	1,750,000	1,796	1,872
	6.375%, due 08/15/02	3,150,000	3,193	3,231
	8.75%, due 08/15/00	700,000	829	751
	Total U.S. treasury notes		24,932	25,210
	U.S. Government Agency Securities:			
	Federal Home Loan Bank Consumer Bonds-			
	6.12%, due 1/24/01	350,000	350	348
	6.79%, due 2/5/02	300,000	301	300
	Federal Home Loan Mortgage Corp.-			
	6.22%, due 3/24/03	200,000	181	203
	Federal National Mortgage Assoc. Securities-			
	8.35%, due 11/10/99	525,000	544	540
	Debentures-			
	7.65%, due 3/10/05	260,000	268	285
	Medium Term Notes-			
	6.41%, due 3/8/06	400,000	402	408
	6.69%, due 8/7/01	400,000	402	411
	Tennessee Valley Authority, Power Bond 1992 Series F, 6.875%, due 8/1/02	250,000	258	253
	SLMA Med. Term Notes, 6.58%, due 1/2/02	400,000	399	409
	Total U.S. government agency securities		3,105	3,157
	Total U.S. government securities		28,037	28,367

(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 Corp., 7.75%, due 7/15/02	$ 300,000	$ 306	$ 317
	Republic NY Corp., 7.25%, due 7/15/02	100,000	98	104
	NCNB Corp., 9.125%, due 10/15/01	268,000	306	293
	Total bank corporate bonds		710	714
	Finance and Insurance Corporate Bonds:			
	American Express Co., 8.5%, due 8/15/01	200,000	201	214
	Corestates Cap. Corp., 5.75%, due 1/15/01	400,000	388	396
	Ford Motor Credit Co., 6.25%, due 2/26/98	400,000	405	400
	ABN-AMRO Bank, 6.625%, due 10/31/01	300,000	300	304
	General Electric Capital Corp., 8.85%, due 4/1/05	300,000	364	345
	Grace WRT Co., 8.00%, due 8/15/04	500,000	519	541
	Simon Debartolo Group, 6.875%, due 11/15/06	500,000	498	504
	Travelers/Aetna Property Casualty Corp., 6.75%, due 4/15/01	300,000	301	304
	Lasmo USA Inc., 6.75%, due 12/15/07	400,000	399	404
	US West Cap FDG Inc., 6.85%, due 1/15/02	400,000	400	404
	Total finance and insurance corporate bonds		3,775	3,816
	Industrial Corporate Bonds:			
	Coca Cola Co., 7.875%, due 9/15/98	200,000	204	202
	Eli Lilly & Co., 8.125%, due 12/1/01	200,000	199	213
	General Motors Corp., 7.10%, due 3/15/06	300,000	303	313
	Philip Morris Co., Inc., 8.625%, due 3/1/99	250,000	248	257
	Lockhead Martin Corp., 6.85%, due 5/15/01	400,000	400	407
	Hercules, Inc., 6.15%, due 8/1/00	400,000	400	400
	Raytheon Co., 6.75%, due 8/15/07	300,000	299	306
	Total industrial corporate bonds		2,053	2,098
	Oil Corporate Bonds:			
	Tenneco, Inc., 7.875%, due 10/1/02	250,000	248	265
	El Paso Nat. Gas Co., 6.75%, due 11/15/03	300,000	305	306
	Total oil corporate bonds		553	571
	Utilities Corporate Bonds:			
	Duke Power Co., 1st & Refunding Mortgage Note, 7%, due 6/1/00	195,000	203	199
	Enron Corp., 9.5%, due 6/15/01	100,000	110	110
	Enron Corp., 6.50%, due 8/1/02	300,000	298	301
	Total utilities corporate bonds		611	610

(a)	(b) Identity of Issue	(c) Principal Amount	(d) Cost (Thousands)	(e) Fair Value (Thousands)
	FIXED INCOME INDEX FUND (Continued)			
	Asset Backed Securities:			
	California Infrastructure, 6.32%, due 9/25/05	$ 400,000	$ 403	$ 402
			403	402
	Foreign Obligations:			
	Finland Rep NT, 7.875%, due 7/28/04	225,000	229	247
	Hydro-Quebec Debenture, Series IF, 7.375%, due 2/1/03	150,000	161	157
	Province of Ontario, Canada Debenture, 8%, due 10/17/01	150,000	150	159
	Province of Ontario, Canada Debenture, 7.375%, due 1/27/03	400,000	415	422
	Total foreign obligations		955	985
	Total fixed income investments		9,060	9,196
	Fixed Income Index Fund Total		$ 38,288	$ 38,754
	DISTRIBUTION ACCOUNT			
*	The Bank of New York Short-Term Investment Fund- Master Notes	$4,424,481	$ 4,425	$ 4,425
	TOTAL ASSETS HELD FOR INVESTMENT PURPOSES AT DECEMBER 31, 1997		$774,038	$1,603,762

* 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, 1997
(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)	418	$134,049	309	$121,690	$121,690	$ -
The May Department Stores Company Common Stock (1) (2)	58	27,027	44	53,491	57,895	4,404

(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 Statement on Form S-8 File No. 333-00957.

ARTHUR ANDERSEN LLP

St. Louis, Missouri,
April 22, 1998

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