

PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED APRIL 6, 1993

\$150,000,000

DAYTON HUDSON CORPORATION

7 1/2% NOTES DUE 1999

Interest on the Notes is payable semi-annually on March 1 and September 1 of each year, commencing September 1, 1995. The Notes are not redeemable prior to maturity and will not be entitled to any sinking fund. The Notes will be represented by one or more global Notes registered in the name of the nominee of The Depository Trust Company, which will act as Depositary. Interests in the Notes will be shown on, and transfers thereof will be effected only through, records maintained by the Depositary and its participants. Except as described under "Description of Notes", owners of beneficial interests in the global Notes will not be considered the Holders thereof and will not be entitled to receive any delivery of Notes in definitive form. Settlement for the Notes will be made in immediately available funds. The Notes will trade in the Depository's Same-Day Funds Settlement System until maturity and secondary market trading activity in the Notes will therefore settle in immediately available funds. See "Description of Notes".

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	INITIAL PUBLIC OFFERING PRICE(1)	UNDERWRITING DISCOUNT(2)	PROCEEDS TO COMPANY(1)(3)
Per Note	99.828%	0.550%	99.278%
Total.....	\$149,742,000	\$825,000	\$148,917,000

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- (1) Plus accrued interest from March 1, 1995 to the date of delivery.
 - (2) The Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933.
 - (3) Before deducting estimated expenses of \$100,000 payable by the Company.

The Notes are offered severally by the Underwriters, as specified herein, subject to receipt and acceptance by them and subject to their right to reject any order in whole or in part. It is expected that delivery of the Notes will be made through the facilities of The Depository Trust Company on or about March 6, 1995 against payment therefor in immediately available funds.

GOLDMAN, SACHS & CO.

MERRILL LYNCH & CO.

SALOMON BROTHERS INC

The date of this Prospectus Supplement is February 27, 1995.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS IN THE NOTES WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

RATIOS OF EARNINGS TO FIXED CHARGES

The following are the ratios of earnings to fixed charges for each of the fiscal years in the five-year period ended January 29, 1994 and the nine months ended October 30, 1993 and October 29, 1994.

FISCAL YEAR ENDED					NINE MONTHS ENDED	
FEBRUARY	FEBRUARY	FEBRUARY	JANUARY	JANUARY	OCTOBER	OCTOBER
3,	2,	1,	30,	29,	30,	29,
1990	1991	1992	1993	1994	1993	1994
3.02	2.47	1.85	2.06	2.04	1.32	1.56

Earnings, as used to calculate the ratio of earnings to fixed charges, consist of consolidated earnings before income taxes and fixed charges. Fixed charges consist of interest on all indebtedness (including capital lease obligations), amortization of debt expense, dividends on preferred stock, if any, and the percentage of rental expense on operating leases which is deemed representative of the interest factor.

DESCRIPTION OF NOTES

The following description of the particular terms of the Notes offered hereby (referred to in the accompanying Prospectus as the "Offered Debt Securities") supplements, and to the extent inconsistent therewith replaces, the description of the general terms and provisions of the Debt Securities set forth in the Prospectus, to which description reference is hereby made.

The Notes will be issued under an Indenture, dated as of February 1, 1986, as amended or supplemented from time to time (the "Indenture"), between the Company and First Trust National Association, as Trustee, which is more fully described in the Prospectus.

The Notes are unsecured and unsubordinated obligations of the Company and will be limited to \$150,000,000 aggregate principal amount. The Notes will mature on March 1, 1999, and will bear interest at the rate per annum shown on the front cover of this Prospectus Supplement from March 1, 1995 or from the most recent Interest Payment Date to which interest has been paid or provided for, payable semi-annually on March 1 and September 1 of each year, commencing September 1, 1995, to the Person in whose name the Note (or any predecessor Note) is registered at the close of business on the preceding February 15 or August 15, as the case may be.

The Notes are not redeemable by the Company prior to their Stated Maturity and will not be entitled to a sinking fund.

The Notes will be issued in the form of one or more fully registered global Notes which will be deposited with, or on behalf of, The Depository Trust Company, as Depository (the "Depository"), located in the Borough of Manhattan, The City of New York, and will be registered in the name of the Depository or a nominee of the Depository.

Ownership of beneficial interests in a global Note will be limited to participants and to persons that may hold interests through institutions that have accounts with the Depository ("participants"). Ownership of beneficial interests by participants in a global Note will be shown on, and the transfer of that ownership interest will be effected only through, records maintained by the Depository for such global Note. Ownership of beneficial interests in such global Note by persons that hold through participants will be shown on, and the transfer of that ownership interest within each participant will be effected only through, records maintained by such participants.

Payment of principal of and interest on the Notes represented by any such global Note will be made to the Depositary or its nominee, as the case may be, as the sole registered owner and the sole Holder of the Notes represented thereby for all purposes under the Indenture. None of the Company, the Trustee or any agent of the Company or the Trustee will have any responsibility or liability for any aspect of the Depositary's records relating to or payments made on account of beneficial ownership interests in a global Note representing any Notes or any other aspect of the relationship between the Depositary and its participants or the relationship between such participants and the owners of beneficial interests in a global Note owning through such participants or for maintaining, supervising or reviewing any of the Depositary's records relating to such beneficial ownership interests.

The Company has been advised by the Depositary that upon receipt of any payment of principal of or interest on any such global Note, the Depositary will immediately credit, on its book-entry registration and transfer system, the accounts of participants with payments in amounts proportionate to their respective beneficial interests in the principal amount of such global Note as shown on the records of the Depositary. The accounts to be credited shall be designated by the Underwriters. Payments by participants to owners of beneficial interests in a global Note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for customer accounts registered in "street name", and will be the sole responsibility of such participants.

No global Note may be transferred except as a whole by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or any such nominee to a successor of the Depositary or a nominee of such successor.

A global Note representing Notes is exchangeable for definitive Notes in registered form, only if (x) the Depositary notifies the Company that it is unwilling or unable to continue as Depositary for such global Note or if at any time the Depositary ceases to be a clearing agency registered under the Securities Exchange Act of 1934 (the "Exchange Act"), (y) the Company in its sole discretion determines that such global Note shall be exchangeable for definitive Notes in registered form and notifies the Trustee thereof or (z) an Event of Default with respect to the Notes represented by such global Note has occurred and is continuing. Any global Note that is exchangeable pursuant to the preceding sentence shall be exchangeable for definitive Notes issuable in authorized denominations in registered form, aggregating a like amount. Such definitive Notes shall be registered in the names of the owners of the beneficial interests in such global Note as the Depositary shall direct.

Except as provided above, owners of beneficial interests in such a global Note will not be entitled to receive physical delivery of Notes in definitive form and will not be considered the Holders thereof for any purpose under the Indenture, and no global Note representing Notes shall be exchangeable. Accordingly, each person owning a beneficial interest in such a global Note must rely on the procedures of the Depositary and, if such person is not a participant, on the procedures of the participant through which such person owns its interest, to exercise any rights of a Holder under the Indenture or such global Note. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair the ability to transfer beneficial interests in a global Note.

The Indenture provides that the Depositary may grant proxies and otherwise authorize participants to give or take any request, demand, authorization, direction, notice, consent, waiver or other action which a Holder is entitled to give or take under the Indenture or a global Note. The Company understands that under existing industry practices, in the event that the Company requests any action of Holders or that an owner of a beneficial interest in such a global Note desires to give or take any action which a Holder is entitled to give or take under the Indenture, the Depositary would authorize the participants holding the relevant beneficial interests to give or take such action, and such participants would authorize beneficial owners owning through such participants to give or take such action or would otherwise act upon the instructions of beneficial owners owning through them.

The Depository has advised the Company that the Depository is a limited-purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered under the Exchange Act. The Depository was created to hold the securities of its participants and to facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. The Depository's participants include securities brokers and dealers (including the Underwriters), banks, trust companies, clearing corporations, and certain other organizations some of whom (and/or their representatives) own the Depository. Access to the Depository's book-entry system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

Settlement for the Notes will be made in immediately available funds. The Notes will trade in the Depository's Same-Day Funds Settlement System until maturity, and therefore the Depository will require secondary trading activity in the Notes to be settled in immediately available funds. Secondary trading in long-term notes and debentures of corporate issuers is generally settled in clearing-house or next-day funds. No assurance can be given as to the effect, if any, of settlement in immediately available funds on trading activity in the Notes.

The Notes are subject to defeasance as described under "Description of Debt Securities--Defeasance" in the Prospectus.

UNDERWRITING

Subject to the terms and conditions set forth in the Underwriting Agreement, the Company has agreed to sell to Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Salomon Brothers Inc (the "Underwriters"), and the Underwriters have severally agreed to purchase, in equal proportions, the entire principal amount of the Notes.

Under the terms and conditions of the Underwriting Agreement, the Underwriters are committed to take and pay for all of the Notes, if any are taken.

The Underwriters propose to offer the Notes in part directly to retail purchasers at the initial public offering price set forth on the cover page of this Prospectus Supplement and in part to certain securities dealers at such price less a concession of 0.30% of the principal amount of the Notes. The Underwriters may allow, and such dealers may reallow, a concession not to exceed 0.25% of the principal amount of the Notes to certain brokers and dealers. After the Notes are released for sale to the public, the offering price and other selling terms may from time to time be varied by the Underwriters.

The Notes are a new issue of securities with no established trading market. The Company has been advised by the Underwriters that the Underwriters intend to make a market in the Notes but they are not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the Notes.

The Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

VALIDITY OF NOTES

The validity of the Notes offered hereby is being passed upon for the Company by Faegre & Benson, 2200 Norwest Center, 90 South Seventh Street, Minneapolis, Minnesota 55402, and for the Underwriters by Sullivan & Cromwell, 125 Broad Street, New York, New York 10004. Faegre & Benson may rely on Sullivan & Cromwell as to matters of New York law, and Sullivan & Cromwell may rely on Faegre & Benson as to matters of Minnesota law.

Members of the Faegre & Benson firm and members of their families own an aggregate of less than .1% of the outstanding shares of the Company's Common Stock.

DAYTON HUDSON CORPORATION

DEBT SECURITIES AND/OR WARRANTS
TO PURCHASE DEBT SECURITIES

Dayton Hudson Corporation (the "Company") from time to time may offer its senior debt securities consisting of debentures, notes and/or other unsecured evidences of indebtedness (the "Debt Securities") in a principal amount and/or warrants to purchase Debt Securities ("Warrants") in an amount sufficient to result in aggregate net proceeds to the Company of up to \$775,000,000 (or the equivalent in foreign denominated currency or European Currency Units). The Debt Securities and/or Warrants may be offered as separate series in amounts, at prices and on terms to be set forth in supplements to this Prospectus ("Prospectus Supplements"). Debt Securities may be offered alone or with Warrants (which may or may not be detachable from such Debt Securities), and Warrants may be offered alone, all as set forth in a Prospectus Supplement. If any Warrants are issued, Debt Securities will be issuable upon exercise of such Warrants. The Company may sell Debt Securities and/or Warrants to or through underwriters to be designated from time to time, and also may sell Debt Securities and/or Warrants directly to other purchasers or through agents or broker-dealers. See "Plan of Distribution".

The designation, principal amount, currency or currencies of denomination and payment, offering price, maturity, interest rate, if any, redemption provisions, if any, and other terms of the Debt Securities, the duration, offering price, exercise price, detachability and other terms of any Warrants, and the name of each agent, broker-dealer or underwriter, if any, in connection with the sale of the Debt Securities and/or Warrants will be set forth in a Prospectus Supplement or Prospectus Supplements.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE DATE OF THIS PROSPECTUS IS APRIL 6, 1993.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed by the Company with the Securities and Exchange Commission (the "Commission") are incorporated in and made a part of this Prospectus by reference:

(a) The Company's Annual Report on Form 10-K for the year ended February 1, 1992 (which incorporates by reference certain portions of the Company's 1991 Annual Report to Shareholders, including financial statements and accompanying information, and certain portions of the Company's definitive Notice and Proxy Statement for the Company's 1992 Annual Meeting of Shareholders), filed pursuant to Section 13 of the Securities Exchange Act of 1934 (the "Exchange Act").

(b) The Company's Quarterly Reports on Form 10-Q for the quarters ended May 2, 1992, August 1, 1992 and October 31, 1992 filed pursuant to Section 13 of the Exchange Act.

(c) The Company's Current Report on Form 8-K dated May 27, 1992 filed pursuant to Section 13 of the Exchange Act.

All reports and any definitive proxy or information statements filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the offering of the Debt Securities and/or Warrants shall be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein or in accompanying Prospectus Supplements modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

THE COMPANY WILL PROVIDE WITHOUT CHARGE TO EACH PERSON TO WHOM A COPY OF THIS PROSPECTUS IS DELIVERED, ON THE WRITTEN OR ORAL REQUEST OF ANY SUCH PERSON, A COPY OF ANY OR ALL OF THE DOCUMENTS INCORPORATED HEREIN BY REFERENCE (OTHER THAN EXHIBITS, EXCEPT WHERE SUCH EXHIBITS ARE SPECIFICALLY INCORPORATED BY REFERENCE INTO THE INFORMATION INCORPORATED INTO THIS PROSPECTUS). REQUESTS FOR SUCH COPIES SHOULD BE DIRECTED TO THE SECRETARY, DAYTON HUDSON CORPORATION, 777 NICOLLET MALL, MINNEAPOLIS, MINNESOTA 55402 (TELEPHONE 612/370-6948).

ADDITIONAL INFORMATION

The Company is subject to the informational requirements of the Exchange Act and in accordance therewith files reports, proxy statements and other information with the Commission. Such reports, proxy statements and other information can be inspected and copied at the public reference facilities of the Commission at Room 1024, 450 Fifth Street N.W., Washington, D.C. 20549; 75 Park Place, New York, New York 10007; and Northwestern Atrium, 14th Floor, 500 West Madison, Chicago, Illinois 60661; and copies of such materials can be obtained from the public reference section of the Commission at 450 Fifth Street N.W., Washington, D.C. 20549, at prescribed rates. Reports, proxy statements and other information concerning the Company can also be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005, and the offices of the Pacific Stock Exchange, 301 Pine Street, San Francisco, California 94104.

Additional information regarding the Company and the Debt Securities and Warrants is contained in the Registration Statement, and the exhibits relating thereto, in respect of the Debt Securities and Warrants, filed with the Commission under the Securities Act of 1933 (the "Act"). For further information pertaining to the Company and the Debt Securities and Warrants, reference is made to the Registration Statement, and the exhibits thereto, which may be inspected without charge at the office of the Commission at 450 Fifth Street N.W., Washington, D.C. 20549, and copies thereof may be obtained from the Commission at prescribed rates.

THE COMPANY

Dayton Hudson Corporation is a national diversified retail company operating through three separate operating divisions: Target upscale discount stores, Mervyn's moderate-priced family department stores and the Department Store Division. At January 30, 1993, these operating divisions operated 834 stores in 33 states.

Dayton Hudson Corporation was incorporated in Minnesota in 1902. All references to the "Company" herein relate to Dayton Hudson Corporation and its subsidiaries and their predecessors unless otherwise indicated by the context. The Company's principal executive offices are located at 777 Nicollet Mall, Minneapolis, Minnesota 55402 (telephone 612/370-6948).

USE OF PROCEEDS

The net proceeds from the sale of the Debt Securities and/or Warrants offered hereby will be added to the general funds of the Company and may be used to meet capital expenditure and working capital requirements relating to the construction and fixturing of certain of the Company's new stores and remodeling of certain of the Company's existing stores, to refinance certain debt, or to finance acquisitions of real estate, other assets or companies. Pending such applications, the funds may be used to reduce short-term borrowings or may be invested in short-term marketable securities.

BUSINESS

GENERAL

The data reported below detail the operations of the Company's business segments.

	FISCAL YEAR ENDED				
	JANUARY 30, 1988	JANUARY 28, 1989	FEBRUARY 3, 1990*	FEBRUARY 2, 1991	FEBRUARY 1, 1992
	(MILLIONS OF DOLLARS)				
Revenues					
Target.....	\$ 5,306	\$ 6,331	\$ 7,519	\$ 8,175	\$ 9,041
Mervyn's.....	3,183	3,411	3,858	4,055	4,143
Department Store Division	1,552	1,693	1,801	2,509	2,931
Other.....	636	769	466	--	--
Total.....	<u>\$10,677</u>	<u>\$12,204</u>	<u>\$13,644</u>	<u>\$14,739</u>	<u>\$16,115</u>
Operating Profit					
Target.....	\$ 323	\$ 341	\$ 449	\$ 466	\$ 458
Mervyn's.....	150	256	358	366	284
Department Store Division	122	159	179	183	168
Total.....	595	756	986	1,015	910
Interest Expense, Net..	152	218	267	325	398
Corporate and Other....	44	66	41	31	40
Earnings Before Income Taxes.....	<u>\$ 399</u>	<u>\$ 472</u>	<u>\$ 678</u>	<u>\$ 659</u>	<u>\$ 472</u>
Operating Profit as a Percent of Revenues					
Target.....	6.1%	5.4%	6.0%	5.7%	5.1%
Mervyn's.....	4.7	7.5	9.3	9.0	6.9
Department Store Division	7.9	9.4	10.0	7.3	5.7
Assets					
Target.....	\$ 2,638	\$ 2,982	\$ 3,505	\$ 3,722	\$ 4,393
Mervyn's.....	2,114	2,166	2,260	2,439	2,686
Department Store Division	761	808	838	2,261	2,317
Corporate and Other....	563	567	81	102	89
Total.....	<u>\$ 6,076</u>	<u>\$ 6,523</u>	<u>\$ 6,684</u>	<u>\$ 8,524</u>	<u>\$ 9,485</u>
Depreciation					
Target.....	\$ 103	\$ 146	\$ 170	\$ 190	\$ 208
Mervyn's.....	82	91	98	107	117
Department Store Division	30	33	34	69	84
Corporate and Other....	16	20	13	3	1
Total.....	<u>\$ 231</u>	<u>\$ 290</u>	<u>\$ 315</u>	<u>\$ 369</u>	<u>\$ 410</u>
Capital Expenditures					
Target.....	\$ 501	\$ 457	\$ 414	\$ 374	\$ 605
Mervyn's.....	207	154	133	210	303
Department Store Division	49	31	37	1,155	106
Corporate and Other....	82	39	19	1	2
Total.....	<u>\$ 839</u>	<u>\$ 681</u>	<u>\$ 603</u>	<u>\$ 1,740</u>	<u>\$ 1,016</u>

*The year ended February 3, 1990 consisted of 53 weeks; all other years shown above consisted of 52 weeks.

The Department Store Division includes the acquisition of Marshall Field and its results of operation from June 24, 1990, the effective date of the

acquisition.

Other includes Lechmere through September 30, 1989, the effective date of its sale.

Operating profit is LIFO earnings from operations before corporate expense, interest and income taxes.

TARGET

Target is an upscale discount chain which provides quality merchandise at attractive prices in clean, spacious and customer-friendly stores. Target operated 506 stores in 32 states at January 30, 1993.

MERVYN'S

Mervyn's is a moderate-priced softlines department store chain specializing in apparel and home soft goods. Mervyn's stores provide customers with value, fashion and convenience. Mervyn's operated 265 stores in 15 states at January 30, 1993.

DEPARTMENT STORE DIVISION

The Department Store Division emphasizes fashion leadership, quality merchandise and superior customer service. At January 30, 1993, the Department Store Division operated 63 Dayton's, Hudson's and Marshall Field's stores in nine states.

CORPORATE CITIZENSHIP

The policy of the Company is to strive to improve the communities in which it operates through contributions and investments for socially responsible purposes. The combined amount of these contributions and investments by the Company, its operating divisions and the Dayton Hudson Foundation, a charitable foundation of which certain directors and officers of the Company are the Trustees, is approximately 5% of federally taxable income of the Company. The principal portion of these funds is directed toward the development of programs in the areas of social action and the arts.

DESCRIPTION OF DEBT SECURITIES

The following descriptions of the terms of the Debt Securities set forth certain general terms and provisions of the Debt Securities to which any Prospectus Supplement may relate. The particular terms of the Debt Securities offered by any Prospectus Supplement (the "Offered Debt Securities") and the extent, if any, to which such general provisions may apply to the Debt Securities so offered will be described in the Prospectus Supplement or Prospectus Supplements relating to such Offered Debt Securities.

The Offered Debt Securities are to be issued under an Indenture dated as of February 1, 1986, as amended and supplemented from time to time (collectively, the "Indenture"), between the Company and First Trust National Association, as Trustee (the "Trustee"). A copy of the Indenture is filed as an exhibit to the Registration Statement. The following summaries of certain provisions of the Debt Securities and the Indenture do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all the provisions of the Indenture, including the definition therein of certain terms. Section numbers below refer to provisions of the Indenture.

GENERAL

The Debt Securities will be unsecured obligations of the Company.

The Indenture does not limit the amount of Debt Securities that may be issued thereunder and provides that Debt Securities may be issued thereunder from time to time in one or more series. (Section 301)

Reference is made to the Prospectus Supplement or Prospectus Supplements relating to the particular series of Offered Debt Securities offered thereby for the following terms of the Offered Debt Securities: (i) the title of the Offered Debt Securities; (ii) any limit on the aggregate principal amount of the Offered Debt Securities; (iii) the price (expressed as a percentage of the aggregate principal amount thereof) at which the Offered Debt Securities will be issued; (iv) the date or dates on which the Offered Debt Securities will mature; (v) the rate or rates (which may be fixed or variable) per annum at which the Offered Debt Securities will bear interest, if any; (vi) the date from which such interest, if any, on the Offered Debt Securities will accrue, the Interest Payment Dates on which such interest, if any, will be payable, the date on which payment of such interest, if any, will commence and the Regular Record Dates for such Interest Payment Dates, if any;

(vii) the dates, if any, on which and the price or prices at which the Offered Debt Securities will, pursuant to any mandatory sinking fund provisions, or may, pursuant to any optional sinking fund provisions, be redeemed by the Company, and the other detailed terms and provisions of such sinking fund; (viii) the date, if any, after which and the price or prices at which the Offered Debt Securities may, pursuant to any optional redemption provisions, be redeemed at the option of the Company or of the Holder thereof and the other detailed terms and provisions of such optional redemption; (ix) the currency or currencies of denomination and payment; (x) if the currency or currencies of payment are at the Company's or Holder's election, the manner in which such election may be made; (xi) the application of defeasance provisions to the Offered Debt Securities; (xii) any additional restrictive covenants included for the benefit of Holders of the Offered Debt Securities; (xiii) any additional Events of Default provided with respect to the Offered Debt Securities; and (xiv) whether the Offered Debt Securities will be issued in whole or in part in the form of one or more Global Securities and, if so, the Depositary for such Global Securities. (Section 301)

Principal, premium, if any, and interest, if any, will be payable, and the Debt Securities will be transferable, at the Place of Payment designated for such Debt Securities, provided that payment of interest may, at the option of the Company, be made by check mailed to the address of the Person entitled thereto as it appears in the Security Register. (Sections 305, 1002)

Unless otherwise indicated in the Prospectus Supplement or Prospectus Supplements relating thereto, the Debt Securities will be issued only in fully registered form, without coupons, in denominations of \$1,000 or any integral multiple thereof. (Section 302) No service charge will be made for any registration of transfer or exchange of the Offered Debt Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. (Section 305)

Debt Securities may be issued under the Indenture as Original Issue Discount Securities to be offered and sold at a substantial discount below their stated principal amount. Federal income tax consequences and other special considerations applicable to any such Original Issue Discount Securities will be described in the Prospectus Supplement or Prospectus Supplements relating thereto. "Original Issue Discount Security" means any security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof, upon the occurrence of an Event of Default and the continuation thereof. (Section 101)

Unless otherwise indicated in the Prospectus Supplement relating to the Offered Debt Securities, the covenants contained in the Indenture and the Offered Debt Securities would not necessarily afford Holders of the Offered Debt Securities protection in the event of a highly leveraged or other transaction involving the Company that may adversely affect Holders.

RESTRICTED AND UNRESTRICTED SUBSIDIARIES

The various restrictive provisions of the Indenture applicable to the Company and its Restricted Subsidiaries do not apply to Unrestricted Subsidiaries. The assets and indebtedness of Unrestricted Subsidiaries are not consolidated with those of the Company and its Restricted Subsidiaries in calculating Consolidated Net Tangible Assets under the Indenture and investments by the Company or by its Restricted Subsidiaries in Unrestricted Subsidiaries are excluded in computing Consolidated Net Tangible Assets. "Unrestricted Subsidiaries" are those Subsidiaries defined as such by the Indenture, i.e., Dayton Credit Company and other finance Subsidiaries acquired or formed subsequent to the date of the Indenture, Eighth Street Development Company, those Subsidiaries which are designated as Unrestricted Subsidiaries by the Board of Directors from time to time pursuant to the Indenture (in each case, unless and until designated as Restricted Subsidiaries by the Board of Directors pursuant to the Indenture) and any Subsidiary a majority of the voting stock of which is owned by Unrestricted Subsidiaries. "Restricted Subsidiaries" are all Subsidiaries other than Unrestricted Subsidiaries. A "Wholly-owned Restricted Subsidiary" is a Restricted Subsidiary all of the outstanding Funded Debt and capital stock of which (except directors' qualifying shares) is owned by the Company and its other Wholly-owned Restricted Subsidiaries. (Section 101)

An Unrestricted Subsidiary may not be designated a Restricted Subsidiary unless the Company would be permitted immediately thereafter to incur additional Secured Funded Debt and Attributable Debt under the terms of the Indenture. (Section 1009(a))

RESTRICTIONS ON SECURED FUNDED DEBT

The Company may not, and may not permit any Restricted Subsidiary to, issue, assume, guarantee, incur or create any Secured Funded Debt without first making effective provision whereby the Debt Securities shall be secured equally and ratably with (or prior to) such Secured Funded Debt, unless immediately thereafter the sum of the aggregate amount of all outstanding Secured Funded Debt of the Company and its Restricted Subsidiaries together with all Attributable Debt of the Company and its Restricted Subsidiaries in respect of sale and leaseback transactions does not exceed 5% of Consolidated Net Tangible Assets. The foregoing restriction does not prevent (i) Secured Funded Debt of a Restricted Subsidiary owing to the Company or a Wholly-owned Restricted Subsidiary, (ii) Secured Funded Debt resulting from the Mortgage of property of the Company or any Restricted Subsidiary in favor of the United States or any State or any instrumentality thereof to secure partial, progress, advance or other payments, (iii) Secured Funded Debt secured by a Mortgage on property of, or on any shares of stock or Indebtedness of, any corporation existing at the time such corporation becomes a Subsidiary, (iv) Secured Funded Debt secured by a Mortgage on property, shares of stock or Indebtedness existing at or incurred within 120 days of the time of acquisition thereof (including acquisition through merger or consolidation), purchase money Mortgages and construction Mortgages, (v) Secured Funded Debt secured by a Mortgage incurred or assumed in connection with an issuance of revenue bonds the interest on which is exempt from federal income tax pursuant to Section 103(a) and related Sections of the Internal Revenue Code of 1986, as amended, or (vi) any extension, renewal or refunding, in whole or in part, of any Secured Funded Debt permitted under the restrictions described in the first sentence of this paragraph or of any Secured Funded Debt of any Restricted Subsidiary outstanding at February 2, 1985 or of any corporation outstanding at the time such corporation became a Restricted Subsidiary. (Section 1007)

"Secured Funded Debt" means Funded Debt which is secured by a Mortgage upon any assets of the Company or a Restricted Subsidiary. (Section 101)

"Funded Debt" means Indebtedness maturing more than 12 months after the time of computation thereof, guarantees of Funded Debt or of dividends of others (except guarantees in connection with the sale or discount of accounts receivable, trade acceptances and other paper arising in the ordinary course of business) and Funded Debt secured by a Mortgage on property of the Company or any Restricted Subsidiary, whether or not assumed, and in the case of any Subsidiary all Preferred Stock of such Subsidiary. Funded Debt does not include any amount in respect of obligations under leases (or guarantees thereof), whether or not such obligations would be included as liabilities on a consolidated balance sheet of the Company and its Restricted Subsidiaries. (Section 101)

"Attributable Debt" means (i) the balance sheet liability amount of capital leases (capital lease obligations and current portion thereof) determined under generally accepted accounting principles, plus (ii) the amount of future minimum lease payments under operating leases required to be disclosed by generally accepted accounting principles, less any amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water rates and similar charges, discounted at the average interest rate per annum used to calculate the present value of operating lease payments for the most recent year in the Company's most recent Annual Report to Shareholders. (Section 101)

"Consolidated Net Tangible Assets" means the total amount of assets on a consolidated balance sheet of the Company and its Restricted Subsidiaries (less applicable reserves and other properly deductible items and after excluding any investments made in Unrestricted Subsidiaries or in corporations while they were Unrestricted Subsidiaries but which are not Subsidiaries at the time of computation) after deducting (i) all liabilities and liability items, including amounts in respect of obligations under leases (or guarantees thereof) which under generally accepted accounting principles would be included on such balance sheet, except Funded Debt, capital stock and surplus, surplus reserves and provisions for deferred income taxes and (ii) goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles. (Section 101)

RESTRICTIONS ON SALE AND LEASEBACK TRANSACTIONS

Neither the Company nor any Restricted Subsidiary may enter into any sale and leaseback transaction involving any Operating Property which has been or is to be sold or transferred more than 120 days after the

acquisition thereof or the completion of construction and commencement of full operations thereof, unless (a) the Company or such Restricted Subsidiary could create Secured Funded Debt on such property pursuant to Section 1007 (see "Restrictions on Secured Funded Debt" above) in an amount equal to the Attributable Debt with respect to the sale and leaseback transaction without equally and ratably securing the Debt Securities or (b) the Company, within 120 days, applies to the retirement of its Secured Funded Debt an amount equal to the greater of (i) the net proceeds of the sale of an Operating Property leased pursuant to such arrangement or (ii) the fair value of the Operating Property so leased (subject to credits for certain voluntary retirements of Funded Debt). This restriction will not apply to any sale and leaseback transaction (a) between the Company and a Restricted Subsidiary or between Restricted Subsidiaries, or (b) involving the taking back of a lease for a period of three years or less. (Section 1008) "Operating Property" is defined as any retail store, warehouse or other property related to the general retail business of the Company or any Subsidiary, parking facilities, and any equipment located at or comprising a part of any such property having a net book value in excess of .35% of Consolidated Net Tangible Assets (which has been owned and operated by the Company or any Restricted Subsidiary for more than 90 days). (Section 101)

RESTRICTIONS ON MERGER AND SALE OF ASSETS

The Company may consolidate with or merge into any other corporation, or transfer substantially all its properties and assets to any Person, and any other Person may consolidate with or merge into the Company, or transfer substantially all its properties and assets to the Company, provided that (i) the Person (if other than the Company) formed by or resulting from any such consolidation or merger or which shall have received the transfer of such property and assets shall assume payment of the principal of, premium, if any, and interest on the Debt Securities and the performance and observance of the covenants of the Indenture, and (ii) except in the case of a merger or consolidation of the Company and a Restricted Subsidiary, either (a) the Holders of a majority in aggregate principal amount of the Outstanding Debt Securities of each series shall have consented thereto or (b) immediately thereafter under the terms of the Indenture the successor corporation would be permitted to become liable for an additional amount of Secured Funded Debt. (Section 801) Notwithstanding the provisions summarized in this paragraph, the Company may, without complying with such provisions, sell all of its property and assets to another corporation if, immediately after giving effect to such sale, such corporation is a Wholly-owned Restricted Subsidiary of the Company and the Company would be permitted to become liable for an additional amount of Secured Funded Debt. (Section 803)

MODIFICATION AND WAIVER

Certain modifications and amendments of the Indenture may be made by the Company and the Trustee only with the consent of the Holders of a majority in aggregate principal amount of the Outstanding Debt Securities of each series affected by the modification or amendment, provided that no such modification or amendment may, without the consent of the Holder of each Outstanding Debt Security affected thereby: (i) change the stated maturity date of the principal of, or any instalment of principal of or interest on, any such Debt Security; (ii) reduce the principal amount of, or the interest (or premium, if any) on, any such Debt Security (including in the case of an Original Issue Discount Security the amount payable upon acceleration of the Maturity thereof); (iii) change the Place of Payment where, or the coin or currency in which, any principal or interest (or premium, if any) on any such Debt Security is payable; (iv) impair the right to institute suit for the enforcement of any payment on or with respect to any such Debt Security; (v) reduce the above-stated percentage of Outstanding Debt Securities of any series the consent of the Holders of which is necessary to modify or amend the Indenture; or (vi) modify the foregoing requirements or reduce the percentage of aggregate principal amount of Outstanding Debt Securities of any series necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults. (Section 902)

The Holders of a majority in aggregate principal amount of the Outstanding Debt Securities of any series may on behalf of the Holders of all Debt Securities of that series waive, insofar as that series is concerned, compliance by the Company with certain restrictive provisions of the Indenture. (Section 1012) The Holders of a majority in aggregate principal amount of the Outstanding Debt Securities of any series may on behalf of the Holders of all Debt Securities of that series waive any past default under the Indenture with respect to that series, except a default in the payment of the principal of (or premium, if any) or interest on any Debt

Security of that series or in respect of a provision which under the Indenture cannot be modified or amended without the consent of the Holder of each Outstanding Debt Security of that series affected. (Section 513)

EVENTS OF DEFAULT

The Indenture defines an Event of Default with respect to any series of Debt Securities as being any one of the following events: (i) default for 30 days in any payment of interest on such series; (ii) default in any payment of principal of (or premium, if any, on) such series when due; (iii) default in the payment of any sinking fund instalment with respect to such series when due; (iv) default for 60 days after appropriate notice in performance of any other covenant or warranty in the Indenture (other than a covenant or warranty included in the Indenture solely for the benefit of series of Debt Securities other than that series); (v) default under any evidence of Indebtedness for money borrowed (including a default with respect to Debt Securities other than that series) or under any Mortgage, indenture or instrument under which any such Indebtedness is issued or secured (including the Indenture), which results in acceleration of the maturity of such Indebtedness, if such acceleration is not annulled (or if such Indebtedness is not discharged) within 10 days after written notice as provided in the Indenture; (vi) certain events in bankruptcy, insolvency or reorganization; or (vii) any other Event of Default provided with respect to Debt Securities of that series. In case an Event of Default shall occur and be continuing with respect to any series of Debt Securities, the Trustee or the Holders of not less than 25% in aggregate principal amount of the Outstanding Debt Securities of that series may declare the principal of such series (or, if the Debt Securities of that series are Original Issue Discount Securities, such portion of the principal as may be specified in the terms of that series) to be due and payable. Any Event of Default with respect to a particular series of Debt Securities may be waived by the Holders of a majority in aggregate principal amount of the Outstanding Debt Securities of such series, except in each case a failure to pay principal of (or premium, if any) or interest on such Debt Security or in respect of a provision which under the Indenture cannot be modified or amended without the consent of the Holder of each Outstanding Debt Security of that series affected. (Sections 501, 502, 513)

Reference is made to the Prospectus Supplement or Prospectus Supplements relating to each series of Offered Debt Securities which are Original Issue Discount Securities for the particular provisions relating to acceleration of the Maturity of a portion of the principal amount of such Original Issue Discount Securities upon the occurrence of an Event of Default and the continuation thereof.

The Indenture requires the Company to file annually with the Trustee an Officers' Certificate as to the absence of certain defaults under the terms of the Indenture. (Section 1011) The Indenture provides that the Trustee may withhold notice to the Holders of the Debt Securities of any default (except in payment of principal (or premium, if any) or interest or any sinking fund instalment) if it considers it in the interest of the Holders of the Debt Securities to do so. (Section 602)

Subject to the provisions of the Indenture relating to the duties of the Trustee in case an Event of Default shall occur and be continuing, the Indenture provides that the Trustee shall be under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of the Holders of the Debt Securities unless such Holders shall have offered to the Trustee reasonable indemnity. (Sections 601, 603) Subject to such provisions for indemnification and certain other rights of the Trustee, the Indenture provides that the Holders of a majority in aggregate principal amount of the Outstanding Debt Securities of any series affected shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee with respect to the Debt Securities of such series. (Sections 512, 603)

No Holder of any Debt Security of any series will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless such Holder shall have previously given to the Trustee written notice of a continuing Event of Default with respect to Debt Securities of that series and unless also the Holders of at least 25% in aggregate principal amount of the Outstanding Debt Securities of that series shall have made written request, and offered reasonable indemnity, to the Trustee to institute such proceeding as trustee, and the Trustee shall not have received from the Holders of a majority in aggregate principal amount of the Outstanding Debt Securities of that series a direction inconsistent with such request and shall have failed to institute such proceeding within 60 days. (Section 507) However, the Holder of any Debt

Security will have an absolute right to receive payment of the principal of (and premium, if any) and interest on such Debt Security on or after the due dates expressed in such Debt Security and to institute suit for the enforcement of any such payment. (Section 508)

DEFEASANCE

Defeasance and Discharge. If the terms of a series of Debt Securities so provide and the Company deposits or causes to be deposited with the Trustee as trust funds in trust for the purpose money and/or Government Obligations, as hereinafter defined, which through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay and discharge (i) the principal of (and premium, if any) and each instalment of principal (and premium, if any) and interest on the Outstanding Debt Securities of such series on the Stated Maturity of such principal or instalment of principal or interest (or on the Redemption Date of the Outstanding Debt Securities of such series if the Company has elected to redeem such Outstanding Debt Securities in accordance with Section 1102 of the Indenture), and (ii) any mandatory (or, if applicable, optional) sinking fund payments applicable to the Outstanding Debt Securities of such series on the day on which such payments are due and payable, then the Indenture will cease to be of further effect with respect to such series (except for certain obligations to compensate, reimburse and indemnify the Trustee, to register the transfer or exchange of Debt Securities, to replace stolen, lost or mutilated Debt Securities, to maintain paying agencies and to hold monies for payment in trust), and the Company will be deemed to have satisfied and discharged the Indenture with respect to such series. (Section 403) In the event of any such defeasance, holders of Debt Securities of such series would be able to look only to such trust fund for payment of principal (and premium, if any) and interest, if any, on their Debt Securities. The term "Government Obligations" as used herein shall mean securities of the government which issued the currency in which the Debt Securities of such series are denominated and/or in which interest is payable or of government agencies backed by the full faith and credit of such government. (Section 101)

Under current federal income tax law, such defeasance will be treated as a taxable exchange of the related Debt Securities for an interest in the trust. As a consequence, each holder of such Debt Securities will recognize gain or loss equal to the difference between the holder's cost or other tax basis for the Debt Securities and the value of the holder's interest in the trust, and thereafter will be required to include in income a share of the income, gain and loss of the trust, including gain or loss recognized in connection with any substitution of collateral, as described below. Prospective investors are urged to consult their own tax advisors as to the specific consequences of such a defeasance.

Defeasance of Certain Covenants and Certain Events of Default. If the terms of the Debt Securities of any series so provide, the Company may omit to comply with certain restrictive covenants in Sections 801, 803 and 804 (Consolidation, Merger, Conveyance, Transfer or Lease), and Sections 1005 (Maintenance of Properties), 1006 (Payment of Taxes and Other Claims), 1007 (Restriction on the Creation of Secured Funded Debt), 1008 (Restriction on Sale and Lease-Back Transactions) and 1009 (Restriction on Permitting Unrestricted Subsidiaries to become Restricted Subsidiaries), and Sections 501(4), 501(5), 501(6), 501(7) and 501(8) (if Section 501(8) is specified in the Prospectus Supplement or Prospectus Supplements relating to such Debt Securities), as described in clauses (iv) through (vii) under "Events of Default" above, shall not be deemed to be Events of Default under the Indenture with respect to such series, upon the deposit with the Trustee, in trust, of money and/or Government Obligations which through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay and discharge (i) the principal of (and premium, if any) and each instalment of principal (and premium, if any) and interest on the Outstanding Debt Securities of such series on the Stated Maturity of such principal or instalment of principal or interest (or on the Redemption Date of the Outstanding Debt Securities of such series if the Company has elected to redeem such Outstanding Debt Securities in accordance with Section 1102 of the Indenture) and (ii) any mandatory (or, if applicable, optional) sinking fund payments applicable to the Outstanding Debt Securities of such series on the day on which such payments are due and payable. The obligations of the Company under the Indenture and the Debt Securities other than with respect to the covenants referred to above and the Events of Default other than the Events of Default referred to above shall remain in full force and effect. (Section 1010)

In the event the Company exercises its option to omit compliance with certain covenants of the Indenture with respect to the Debt Securities of any series as described above and the Debt Securities of such series are declared due and payable because of the occurrence of any Event of Default other than Events of Default described in clauses (iv) through (vii) under "Events of Default" above, the amount of money and/or Government Obligations on deposit with the Trustee will be sufficient to pay amounts due on the Debt Securities of such series on their Stated Maturity or Redemption Date, but may not be sufficient to pay amounts due on such Debt Securities at the time of the acceleration resulting from such Event of Default. However, the Company shall remain liable for such payments. (Section 1010)

Substitution of Collateral. If the terms of a series of Debt Securities so provide, the Company will be permitted at any time to withdraw any money or Government Obligations deposited pursuant to the foregoing defeasance provisions, provided that the Company in substitution therefor simultaneously deposits money and/or Government Obligations which would then be sufficient to satisfy the Company's payment obligations in respect of the Securities in the manner contemplated by such defeasance provisions.

REGARDING THE TRUSTEE

The Trustee acts as trustee under (i) the Indenture relating to the Company's 10 3/4% Sinking Fund Debentures due 2013, and (ii) the Indenture relating to the Company's 9 1/4% Debentures due 2006, 7 7/8% Notes due 1996, 8 3/8% Notes due 1996, 9 1/2% Sinking Fund Debentures due 2016, 9 1/4% Sinking Fund Debentures due 2016, 9 7/8% Sinking Fund Debentures due 2017, Medium-Term Notes, Series A, 9 5/8% Debentures due 2008, 9.11% Notes due 1995, Medium-Term Notes, Series B, 9 5/8% Notes due 1993, 9 3/4% Notes due 1998, Medium-Term Notes, Series C, Medium-Term Notes, Series D, Medium-Term Notes, Series E, 9 3/4% Notes due 2002, 9 7/8% Debentures due 2020, Medium-Term Notes, Series F, 10% Notes due 2000, 10% Notes due 2011, 9.40% Notes due 2001, Medium-Term Notes, Series G, 9.70% Debentures due 2021, 9.25% Debentures due 2011, 9% Debentures due 2021, 8.60% Debentures due 2012, Medium-Term Notes, Series H, 8 7/8% Debentures due 2022, 8.80% Debentures due 2022, 7.25% Notes due 2004, 8.50% Debentures due 2022 and 6 5/8% Notes due 2003.

Kenneth A. Macke, Chairman of the Board, Chairman of the Executive Committee of the Board and Chief Executive Officer of the Company, and Roger L. Hale, a director of the Company, are directors of First Bank System, Inc., which owns substantially all of the capital stock of the Trustee.

DESCRIPTION OF WARRANTS

The Company may issue Warrants for the purchase of Debt Securities. Warrants may be issued independently or together with any Debt Securities offered by any Prospectus Supplement and may be attached to or separate from such Debt Securities. The Warrants are to be issued under Warrant Agreements to be entered into between the Company and a bank or trust company, as Warrant Agent, all as set forth in the Prospectus Supplement relating to the particular issue of Warrants. The Warrant Agent will act solely as an agent of the Company in connection with the Warrant Certificates and will not assume any obligation or relationship of agency or trust for or with any holders of Warrant Certificates or beneficial owners of Warrants. Copies of the forms of Warrant Agreement, including the form of Warrant Certificate representing the Warrants, are filed as an exhibit to the Registration Statement. The following summaries of certain provisions of the forms of Warrant Agreement and Warrant Certificate do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all the provisions of the Warrant Agreement and the Warrant Certificate.

GENERAL

If Warrants are offered, the Prospectus Supplement will describe the terms of the Warrants, including the following: (i) the offering price; (ii) the currency for which Warrants may be purchased; (iii) the designation, aggregate principal amount, currency of denomination and payment and terms of the Debt Securities purchasable upon exercise of the Warrants; (iv) if applicable, the designation and terms of the Debt Securities with which the Warrants are issued and the number of Warrants issued with each such Debt Security; (v) if applicable, the date on and after which the Warrants and the related Debt Securities will be

separately transferable; (vi) the principal amount of Debt Securities purchasable upon exercise of one Warrant and the price at and the currency in which such principal amount of Debt Securities may be purchased upon such exercise; (vii) the date on which the right to exercise the Warrants shall commence and the date (the "Expiration Date") on which such right shall expire; (viii) federal income tax consequences; and (ix) any other terms of the Warrants.

Warrant Certificates may be exchanged for new Warrant Certificates of different denominations, may be presented for registration of transfer, and may be exercised at the corporate trust office of the Warrant Agent or any other office indicated in the Prospectus Supplement. Prior to the exercise of their Warrants, holders of Warrants will not have any of the rights of holders of the Debt Securities purchasable upon such exercise, including the right to receive payments of principal of (premium, if any) or interest, if any, on the Debt Securities purchasable upon such exercise or to enforce covenants in the Indenture.

EXERCISE OF WARRANTS

Each Warrant will entitle the holder to purchase such principal amount of Debt Securities at such exercise price as shall in each case be set forth in, or calculable from, the Prospectus Supplement relating to the Warrants. Warrants may be exercised at any time up to 5:00 P.M. New York time on the Expiration Date set forth in the Prospectus Supplement relating to such Warrants. After the close of business on the Expiration Date (or such later date to which such Expiration Date may be extended by the Company), unexercised Warrants will become void.

Warrants may be exercised by delivery to the Warrant Agent of payment as provided in the Prospectus Supplement of the amount required to purchase the Debt Securities purchasable upon such exercise together with certain information set forth on the reverse side of the Warrant Certificate. Warrants will be deemed to have been exercised upon receipt of the exercise price, subject to the receipt within five business days of the Warrant Certificate evidencing such Warrants. Upon receipt of such payment and the Warrant Certificate properly completed and duly executed at the corporate trust office of the Warrant Agent or any other office indicated in the Prospectus Supplement, the Company will, as soon as practicable, issue and deliver the Debt Securities purchasable upon such exercise. If fewer than all of the Warrants represented by such Warrant Certificate are exercised, a new Warrant Certificate will be issued for the remaining amount of Warrants.

PLAN OF DISTRIBUTION

General. The Company may sell Debt Securities and/or Warrants to or through underwriters to be designated from time to time, and also may sell Debt Securities and/or Warrants directly to other purchasers or through agents or broker-dealers, including broker-dealers acting as principals. Debt Securities may be offered alone or with Warrants (which may or may not be detachable from such Debt Securities), and Warrants may be offered alone, all as set forth in the Prospectus Supplement or Prospectus Supplements relating thereto. If any Warrants are issued, Debt Securities will be issuable upon exercise of such Warrants.

The distribution of the Debt Securities and/or Warrants may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.

The Debt Securities and/or Warrants are a new issue of securities with no established trading market. It has not presently been established whether the underwriter(s), if any, of the Debt Securities and/or Warrants will make a market in such securities. If a market in the Debt Securities and/or Warrants is made by such underwriter(s), such market making may be discontinued at any time without notice. No assurance can be given as to the liquidity of the trading market for the Debt Securities and/or Warrants.

In connection with the sale of Debt Securities and/or Warrants, underwriters may receive compensation from the Company or from purchasers of Debt Securities and/or Warrants for whom they may act as agents in the form of discounts, concessions or commissions. Underwriters, dealers and agents that participate in the distribution of Debt Securities and/or Warrants may be deemed to be underwriters, and any discounts or commissions received by them and any profit on the resale of Debt Securities and/or Warrants by them may

be deemed to be underwriting discounts and commissions, under the Act. Any such underwriter or agent will be identified, and any such compensation will be described, in the Prospectus Supplement or Prospectus Supplements relating to such securities.

Under agreements which may be entered into by the Company, underwriters, dealers and agents who participate in the distribution of Debt Securities and/or Warrants may be entitled to indemnification by the Company against certain liabilities, including liabilities under the Act.

Delayed Delivery Arrangements. If so indicated in the Prospectus Supplement or Prospectus Supplements relating to such securities, the Company will authorize dealers or other persons acting as the Company's agents to solicit offers by certain institutions to purchase Debt Securities and/or Warrants from the Company pursuant to contracts providing for payment and delivery on a future date. Institutions with which such contracts may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and others, but in all cases such institutions must be approved by the Company. The obligations of any purchaser under any such contract will not be subject to any conditions except that the purchase of the Offered Debt Securities (as defined above) and/or Warrants shall not at the time of delivery be prohibited under the laws of the jurisdiction to which such purchaser is subject. The dealers and such other persons will not have any responsibility in respect of the validity or performance of such contracts.

EXPERTS

The consolidated financial statements and related schedules of Dayton Hudson Corporation and subsidiaries included or incorporated by reference in the Company's Annual Report on Form 10-K for the year ended February 1, 1992 have been audited by Ernst & Young, independent auditors, as set forth in their report thereon included or incorporated therein by reference and incorporated herein by reference. Such financial statements are, and audited financial statements to be included in subsequently filed documents will be, incorporated herein in reliance upon the reports of Ernst & Young pertaining to such financial statements (to the extent covered by consents filed with the Commission) given upon the authority of such firm as experts in accounting and auditing.

With respect to the unaudited condensed consolidated interim financial information for the three-month periods ended May 2, 1992 and May 4, 1991, the six-month periods ended August 1, 1992 and August 3, 1991 and the nine-month periods ended October 31, 1992 and November 2, 1991, incorporated by reference in this Prospectus, Ernst & Young have reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate reports, included in Dayton Hudson Corporation's Quarterly Reports on Form 10-Q for the quarters ended May 2, 1992, August 1, 1992 and October 31, 1992, and incorporated herein by reference, state that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their reports on such information should be restricted in light of the limited nature of the review procedures applied. The independent auditors are not subject to the liability provisions of Section 11 of the Act for their reports on the unaudited interim financial information because the reports are not a "report" or a "part" of the Registration Statement prepared or certified by the auditors within the meaning of Sections 7 and 11 of the Act.

 NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS DO NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE NOTES DESCRIBED IN THIS PROSPECTUS SUPPLEMENT, OR AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY SUCH NOTES IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS NOR ANY SALE MADE HEREUNDER OR THEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF DAYTON HUDSON CORPORATION SINCE THE DATE HEREOF OR THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

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 \$150,000,000

DAYTON HUDSON

CORPORATION

7 1/2% NOTES DUE 1999

 LOGO

 GOLDMAN, SACHS & CO.

MERRILL LYNCH & CO.

SALOMON BROTHERS INC

