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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

For the fiscal year ended January 29, 2000

OR

/x/ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition period from ____________ to ____________

Commission File Number 1-6049

TARGET CORPORATION

(Exact name of registrant as specified in its charter)

/ / **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Registrant's telephone number, including area code: 612/370-6948

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Minnesota (State or other jurisdiction of incorporation or organization)	**41-0215170** (I.R.S. Employer Identification No.)
777 Nicollet Mall, Minneapolis, Minnesota (Address of principal executive offices)	**55402-2055** (Zip Code)

Securities registered pursuant to Section 12(g) of the Act: NONE

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

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

Aggregate market value of the voting stock held by non-affiliates of the Registrant on March 17, 2000 was $31,495,703,158, based on the closing price of $69.50 per share of Common Stock as reported on the New York Stock Exchange—Composite Index. (Excluded from this figure is the voting stock held by Registrant's Directors and Executive Officers.)

Indicate the number of shares outstanding of each of Registrant's classes of Common Stock, as of the latest practicable date. March 17, 2000: 454,461,188 shares of Common Stock, par value $.1667.

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of Registrant's 1999 Annual Report to Shareholders are incorporated into Parts I, II and IV.

2. Portions of Registrant's Proxy Statement dated April 10, 2000 are incorporated into Part III.

PART I

Item 1. Business.

The first paragraph of Fourth Quarter Results, Page 20; Analysis of Financial Condition, Pages 20-21; Performance Objectives, Page 21; Credit Operations, Page 22; first textual paragraph of Summary of Accounting Policies—Organization, Page 24; Acquisitions, Page 34; Quarterly Results (Unaudited), Page 35; Business Segment Comparisons, excluding years 1994-1996, Page 37; the information relating to store locations and number of employees by segment on Page 16, and the information relating to total stores and number of employees on Page 36, excluding years 1994-1996, of Registrant's 1999 Annual Report to Shareholders are incorporated herein by reference. Registrant was incorporated in Minnesota in 1902.

Competition

The Registrant's retail merchandising business is conducted under highly competitive conditions in the discount, middle market and department store retail segments. Its stores compete with national and local department, specialty, off-price, discount and drug store chains, independent retail stores and Internet and catalog businesses which handle similar lines of merchandise. The Registrant also competes with other companies for new store sites.

The Registrant believes the principal methods of competing in its industry include brand recognition, customer service, store location, differentiated offerings, value, quality, fashion, price, advertising, depth of selection and credit availability. The Registrant is a leader in community involvement programs and believes that it is in a strong competitive position with regard to these competitive factors.

Item 2. Properties.

Leases, Page 33, Owned and Leased Store Locations, Page 33, and the list of store locations on Page 16 of Registrant's 1999 Annual Report to Shareholders are incorporated herein by reference.

Item 3. Legal Proceedings.

Commitments and Contingencies, Page 34, of Registrant's 1999 Annual Report to Shareholders is incorporated herein by reference.

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

Not Applicable.

Item X. Executive Officers of the Registrant.

The executive officers of the Registrant as of April 1, 2000 and their positions and ages, are as follows:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $.1667 per share	New York Stock Exchange Pacific Exchange
Preferred Stock Purchase Rights	New York Stock Exchange Pacific Exchange

Each officer is elected by and serves at the pleasure of the Board of Directors. There is no family relationship between any of the officers named nor is there any arrangement or understanding pursuant to which any person was selected as an officer. The period of service of each officer in the positions listed and other business experience as of April 1, 2000 is set forth below.

Robert J. Ulrich Chairman of the Board, Chief Executive Officer, Chairman of the Executive Committee and Director of Registrant since 1994. Chairman and Chief Executive Officer of Target Stores since 1987.

Kenneth B. Woodrow Vice Chairman of Registrant since 1999. President of Target Stores from 1994 to 1999, Vice Chairman of Target Stores from 1993 to 1994 and Executive Vice President of Target Stores from 1989 to 1993.

Linda L. Ahlers President of Dayton's Marshall Field's Hudson's since 1996 and Executive Vice President, Merchandising of Dayton's Marshall Field's Hudson's from 1995 to 1996. Senior Vice President of Target Stores from 1989 to 1995.

Todd V. Blackwell Senior Vice President, Stores of Mervyn's since 1998, Regional Vice President, Stores of Mervyn's from 1995 to 1998 and District Team Leader of Mervyn's from 1993 to 1995.

Bart Butzer President of Mervyn's since 1997. Regional Senior Vice President of Target Stores from 1991 to 1997.

Larry V. Gilpin Executive Vice President, Team, Guest and Community Relations of Registrant and Target Stores since 1995. Senior Vice President of Target Stores from 1981 to 1995.

John D. Griffith Senior Vice President, Property Development of Registrant since February 2000 and Vice President, Construction of Registrant from 1999 to 2000. Vice President, Office Development at Ryan Companies US, Inc., a real estate development company, from 1995 to 1998.

James T. Hale Executive Vice President, General Counsel and Corporate Secretary of Registrant since March 2000 and Senior Vice President, General Counsel and Corporate Secretary of Registrant from 1981 to 2000.

Maureen W. Kyer Senior Vice President, Merchandising of Mervyn's since 1996, Vice President, General Merchandise Manager of Mervyn's in 1996 and Vice President, Merchandise Manager of Mervyn's from 1994 to 1996.

John E. Pellegrene Executive Vice President, Marketing of Registrant and Target Stores since 1995. Senior Vice President of Target Stores from 1988 to 1995.

Douglas A. Scovanner Executive Vice President, Finance and Chief Financial Officer of Registrant and Target Stores since February 2000. Senior Vice President and Chief Financial Officer of Registrant from 1994 to 2000 and Treasurer of Registrant in 1994.

Paul L. Singer Senior Vice President, Technology Services and Chief Information Officer of Registrant since April 2000, Senior Vice President, Information Services of Registrant from 1999 to 2000 and Vice President, Information Services of Registrant from 1993 to 1999.

Gregg W. Steinhafel President of Target Stores since 1999, Executive Vice President of Target Stores from 1994 to 1999 and Senior Vice President and General Merchandise Manager of Target Stores from 1987 to 1994.

Gerald L. Storch President, Financial Services and New Businesses of Registrant since 1998, President, Credit and Senior Vice President, Strategic Business Development of Registrant from 1997 to 1998 and Senior Vice President of Registrant from 1993 to 1997.

Ertugrul Tuzcu Executive Vice President, Store Operations of Dayton's Marshall Field's Hudson's since March 1996. Senior Vice President of Dayton's Stores from 1995 to 1996, Senior Vice President, Merchandise Planning of Dayton's Stores in 1995 and Vice President, Merchandise Planning of Dayton's Stores from 1994 to 1995.

PART II

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

Dividends Declared Per Share and Common Stock price, Page 35, of Registrant's 1999 Annual Report to Shareholders are incorporated herein by reference.

Item 6. Selected Financial Data.

The Data on years 1995-1999 in the Summary Financial and Operating Data (excluding 1994 and Other Data), Page 36, of Registrant's 1999 Annual Report to Shareholders 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 17-23, and the last textual paragraph of Pension and Postretirement Health Care Benefits, Page 32, of Registrant's 1999 Annual Report to Shareholders are incorporated herein by reference.

Item 7a. Quantitative and Qualitative Disclosures About Market Risk.

Market risk exposure of market risk sensitive instruments is not material.

Item 8. Financial Statements and Supplementary Data.

Pages 24-35 and 37 (excluding years 1994-1996 on Page 37) and the Report of Independent Auditors, Page 38, of Registrant's 1999 Annual Report to Shareholders are incorporated herein by reference.

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

Not Applicable

PART III

Item 10. Directors and Executive Officers of the Registrant.

Election of Directors, Pages 5-10, and Section 16(a) Beneficial Ownership Reporting Compliance, Page 24, of Registrant's Proxy Statement dated April 10, 2000, are incorporated herein by reference. See also Item X of Part I hereof.

Item 11. Executive Compensation.

Executive Compensation, Pages 13-18, and Director Compensation, Page 9, of Registrant's Proxy Statement dated April 10, 2000, are incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

Largest Owners of the Corporation's Stock, Page 12, and Stock Ownership of Directors and Officers, Page 11, of Registrant's Proxy Statement dated April 10, 2000, are incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions.

Not Applicable.

PART IV

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

a)

Financial Statements:

Consolidated
Results of Operations for the Years Ended January 29, 2000, January 30, 1999 and January 31, 1998.

Consolidated
Statements of Financial Position at January 29, 2000 and January 30, 1999.

Consolidated
Statements of Cash Flows for the Years Ended January 29, 2000, January 30, 1999 and January 31, 1998.

Consolidated
Statements of Shareholders' Investment for the Years Ended January 29, 2000, January 30, 1999 and January 31, 1998.

Information
which is an integral part of the financial statements: Notes to Consolidated Financial Statements on Pages 24-29, 31-35 and 37 (excluding years 1994-1996 on Page 37) and the Report of Independent Auditors on Page 38 in Registrant's 1999 Annual Report to Shareholders.

The
Registrant, through its special purpose subsidiary, Target Receivables Corporation ("TRC") entered into a securitization transaction under which it transfers, on an ongoing basis, substantially all of its credit card receivables to a trust. Separate financial information is filed for TRC in its separate Annual Report on Form 10-K.

b)
Reports on Form 8-K

None.

c)
Exhibits

Name	Title	Age
Robert J. Ulrich	Chairman, Chief Executive Officer, Chairman of the Executive Committee and Director of Registrant; Chairman and Chief Executive Officer of Target Stores (a division of Registrant)	56
Kenneth B. Woodrow	Vice Chairman of Registrant	55
Linda L. Ahlers	President of Dayton's Marshall Field's Hudson's (a division of Registrant)	49
Todd V. Blackwell	Senior Vice President, Stores of Mervyn's (a subsidiary of Registrant)	38
Bart Butzer	President of Mervyn's	43
Larry V. Gilpin	Executive Vice President, Team, Guest and Community Relations of Registrant and Target Stores	56
John D. Griffith	Senior Vice President, Property Development of Registrant	38
James T. Hale	Executive Vice President, General Counsel and Corporate Secretary of Registrant	59
Maureen W. Kyer	Senior Vice President, Merchandising of Mervyn's	46
John E. Pellegrene	Executive Vice President, Marketing of Registrant and Target Stores	63
Douglas A. Scovanner	Executive Vice President, Finance and Chief Financial Officer of Registrant and Target Stores	44
Paul L. Singer	Senior Vice President, Technology Services and Chief Information Officer of Registrant	46
Gregg W. Steinhafel	President of Target Stores	45
Gerald L. Storch	President, Financial Services and New Businesses of Registrant	43
Ertugrul Tuzcu	Executive Vice President, Store Operations of Dayton's Marshall Field's Hudson's	47

(2) Not applicable
(3)A. Restated Articles of Incorporation (as amended April 30, 1998). Incorporated by reference to Exhibit (3)A. to Registrant's Form 10-Q Report for the quarter ended May 2, 1998.
B. By-Laws (as amended through November 11, 1998). Incorporated by reference to Exhibit (3)(ii). to Registrant's Form 10-Q Report for the quarter ended October 31, 1998.
C. Articles of Merger. Incorporated by reference to Exhibit (3)A. to Registrant's Form 8-K filed on January 31, 2000.
(4)A. Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock, as amended.
B. Certificate of Designation, Preference and Rights of Series B ESOP Convertible Preferred Stock. Incorporated by reference to Exhibit (3)A. to Registrant's Form 10-K Report for the year ended January 30, 1993.
C. Certificate of Designation, Preference and Rights of Series B-1 ESOP Convertible Preferred Stock. Incorporated by reference to Exhibit (3)(i). to Registrant's Form 10-Q Report for the quarter ended October 31, 1998.
D. Instruments defining the rights of security holders, including indentures. Registrant agrees to furnish the Commission on request copies of instruments with respect to long-term debt.

Copies
of exhibits will be furnished upon written request and payment of Registrant's reasonable expenses in furnishing the exhibits.

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Management
contract or compensation plan or arrangement required to be filed as an exhibit to this Form 10-K.
(a)
Incorporated
by reference to Exhibit A to Registrant's Proxy Statement dated April 19, 1995.
(b)
Incorporated
by reference to Exhibit B to Registrant's Proxy Statement dated April 19, 1995.
(c)
Incorporated
by reference to Exhibit (10)C. to Registrant's Form 10-K Report for the year ended January 29, 1994.
(d)
Incorporated
by reference to Exhibit (10)D. to Registrant's Form 10-K Report for the year ended January 30, 1993.
(e)
Incorporated
by reference to Exhibit (10)E. to Registrant's Form 10-K Report for the year ended February 1, 1997.
(f)
Incorporated
by reference to Exhibit (10)F. to the Registrant's Form 10-K Report for the year ended January 30, 1999.
(g)
Incorporated
by reference to Exhibit (10)G. to the Registrant's Form 10-K Report for the year ended February 1, 1997.
(h)
Incorporated
by reference to Exhibit (10)H. to the Registrant's Form 10-K Report for the year ended February 1, 1997.
(i)
Incorporated
by reference to Exhibit (10)I. to the Registrant's Form 10-K Report for the year ended February 1, 1997.
(j)
Incorporated
by reference to Exhibit (10)J. to the Registrant's Form 10-K Report for the year ended February 1, 1997.
(k)
Incorporated
by reference to Exhibit (10)K. to the Registrant's Form 10-K Report for the year ended January 30, 1999.
(l)
Incorporated
by reference to Exhibit (10)L. to the Registrant's Form 10-K Report for the year ended January 30, 1999.
(m)
Incorporated
by reference to Exhibit (10)M. to the Registrant's Form 10-K Report for the year ended February 1, 1997.
(n)
Incorporated
by reference to Exhibit (10)N. to the Registrant's Form 10-K Report for the year ended February 1, 1997.
(o)
Incorporated
by reference to Exhibit (10). to the Registrant's Form 10-Q Report for the quarter ended May 1, 1999.
(p)
Incorporated
by reference to Registrant's Proxy Statement dated April 10, 2000.

SIGNATURES

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

(9)	Not applicable
(10)A.	*Executive Incentive Plan (PTOC & EVA) (a)
B.	*Director Stock Option Plan of 1995 (b)
C.	*Executive Incentive Plan (Personal Score) (c)
D.	*Excess Benefit Plan (d)
E.	*Supplemental Pension Plan I (e)
F.	*Executive Long-Term Incentive Plan of 1981, as amended and restated through January 13, 1999 (f)
G.	*Supplemental Pension Plan II (g)
H.	*Supplemental Pension Plan III (h)
I.	*Deferred Compensation Plan Senior Management Group (i)
J.	*Deferred Compensation Plan Directors (j)
K.	*Income Continuance Policy, as amended through January 13, 1999 (k)
L.	*SMG Income Continuance Policy, as amended through January 13, 1999 (l)
M.	*SMG Executive Deferred Compensation Plan (m)
N.	*Director Deferred Compensation Plan (n)
O.	*Long-Term Incentive Plan of 1999 (o)
(11)	Not applicable
(12)	Statements re Computations of Ratios
(13)	1999 Annual Report to Shareholders (only those portions specifically incorporated by reference herein shall be deemed filed with the Commission)
(16)	Not applicable
(18)	Not applicable
(21)	List of Subsidiaries
(22)	Not applicable
(23)	Consent of Independent Auditors
(24)	Powers of Attorney
(27)A.	Financial Data Schedule for the year ended January 29, 2000.
B.	Restated Financial Data Schedule for the years ended January 30, 1999 and January 31, 1998.
C.	Restated Financial Data Schedule for the quarters ended May 1, 1999, July 31, 1999 and October 30, 1999.
D.	Restated Financial Data Schedule for the quarters ended May 2, 1998, August 1, 1998 and October 31, 1998.
(99)A.	Registrant's Form 11-K Report
B.	Registrant's Proxy Statement dated April 10, 2000 (only those portions specifically incorporated by reference herein shall be deemed filed with the Commission)(p)
C.	Cautionary Statements Relating to Forward-Looking Information

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

TARGET CORPORATION

By: /s/ DOUGLAS A. SCOVANNER

Dated: April 10, 2000 — Douglas A. Scovanner
Executive Vice President, Finance, Chief Financial Officer and Chief Accounting Officer

Dated: April 10, 2000 — /s/ BOB ULRICH

Robert J. Ulrich
Chairman of the Board and Chief Executive Officer

Dated: April 10, 2000 — /s/ DOUGLAS A. SCOVANNER

Douglas A. Scovanner
Executive Vice President, Finance, Chief Financial Officer and Chief Accounting Officer

Douglas A. Scovanner, by signing his name hereto, does hereby sign this document pursuant to powers of attorney duly executed by the Directors named, filed with the Securities and Exchange Commission on behalf of such Directors, all in the capacities and on the date stated, such persons being all of the Directors of the Registrant.

LIVIO D. DESIMONE	SUSAN A. MCLAUGHLIN	
ROGER A. ENRICO	ANNE M. MULCAHY	
WILLIAM W. GEORGE	STEPHEN W. SANGER	
MICHELE J. HOOPER JAMES A. JOHNSON	GEORGE W. TAMKE	Directors
RICHARD M. KOVACEVICH	SOLOMON D. TRUJILLO	
	ROBERT J. ULRICH	

EXHIBITS

filed with

Target Corporation

FORM 10-K

For the Year Ended January 29, 2000

By: /s/ DOUGLAS A. SCOVANNER

Dated: April 10, 2000 — Douglas A. Scovanner
Attorney-in-Fact

Exhibit (4)A.

ARTICLES OF AMENDMENT OF

CERTIFICATE OF DESIGNATION, PREFERENCES AND RIGHTS

OF SERIES A JUNIOR PARTICIPATING PREFERRED STOCK

OF

DAYTON HUDSON CORPORATION

I, James T. Hale, Secretary of Dayton Hudson Corporation, a corporation organized and existing under the Business Corporation Act of the State of Minnesota, DO HEREBY CERTIFY:

(i) That the Certificate of Designation, Preferences and Rights establishing a series of two million (2,000,000) shares of Preferred Stock designated as Series A Junior Participating Preferred Stock has been amended in its entirety to read as follows:

1. *Designation and Amount.* The shares of such series shall be designated as "Series A Junior Participating Preferred Stock" (the "Series A Preferred Stock") and the number of shares constituting such series shall be 2,000,000. Such number of shares may be increased or decreased by resolution of the Board of Directors; *provided,* that no decrease shall reduce the number of shares of Series A Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Series A Preferred Stock.

2. *Dividends and Distributions.*

(i) Subject to the rights of the holders of any shares of any series of Preferred Stock (or any similar stock) ranking prior and superior to the Series A Preferred Stock, the holders of shares of Series A Preferred Stock, in preference to the holders of Common Stock and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the tenth day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) $3 or (b) subject to the provision for adjustment hereinafter set forth, 300 times the aggregate per share amount of all cash dividends, and 300 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock of the Corporation or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock. In the event the Corporation shall at any time after September 26, 1996 declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(ii) The Corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in subparagraph (i) of this paragraph 2 simultaneously with its declaration of a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly

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Dividend Payment Date, a dividend of $3 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(iii) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series A Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

3. *Voting Rights.* The holders of shares of Series A Preferred Stock shall have the following voting rights:

(i) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to 300 votes on all matters submitted to a vote of the shareholders of the Corporation. In the event the Corporation shall at any time after September 26, 1996 declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(ii) Except as otherwise provided herein, in any other Certificate of Designation creating a series of Preferred Stock or any similar stock, or by law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of shareholders of the Corporation.

(iii) Except as otherwise provided herein or by law, the holders of shares of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock and any other capital stock of the Corporation having general voting rights as set forth herein) for taking any corporate action.

4. *Certain Restrictions.*

(i) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock as provided in paragraph 2 of this Section are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(a) declare or pay dividends on, or make any other distributions on, any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(b) declare or pay dividends on, or make any other distributions on, any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(c) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (both as to dividends and upon liquidation, dissolution or winding up) to the Series A Preferred Stock; or

(d) redeem or purchase or otherwise acquire for consideration any shares of Series A Preferred Stock, or any shares of stock ranking on a parity with the Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(ii) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under subparagraph (i) of this paragraph 4, purchase or otherwise acquire such shares at such time and in such manner.

5. *Reacquired Shares.* Any shares of Series A Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall constitute authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

6. *Liquidation, Dissolution or Winding Up.* Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (a) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received $300 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, provided that the holders of shares of Series A Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 300 times the aggregate amount to be distributed per share to holders of Common Stock, or (b) to the holders of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except distributions made ratably on the Series A Preferred Stock and all other such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time after September 26, 1996 declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under the proviso in clause (a) of the preceding sentence shall be adjusted by multiplying such amount

by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

7. *Consolidation, Merger, Exchange, etc.* In case the Corporation shall enter into any consolidation, merger, combination, statutory share exchange or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of Series A Preferred Stock shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 300 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time after September 26, 1996 declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

8. *No Redemption.* The shares of Series A Preferred Stock shall not be redeemable.

9. *Rank*. The Series A Preferred Stock shall rank junior with respect to payment of dividends and on liquidation to all other series of the Corporation's preferred stock hereafter issued that specifically provide that they shall rank senior to the Series A Preferred Stock.

10. *Amendment*. The Restated Articles of Incorporation, as amended, of the Corporation shall not be amended in any manner that would materially alter or change the powers, preferences or special rights of the Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of a majority of the outstanding shares of Series A Preferred Stock, voting together as a single class.

(ii) That such amendment has been adopted in accordance with the requirements of, and pursuant to, Chapter 302A of the Minnesota Statutes and shall be effective as of 4:00 P.M., Minneapolis, Minnesota time, on September 26, 1996.

IN WITNESS WHEREOF, I have executed and subscribed this Certificate, this 11th day of September, 1996.

(4)A.	Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock, as amended.
(12)	Statements re Computations of Ratios
(13)	1999 Annual Report to Shareholders
(21)	List of Subsidiaries
(23)	Consent of Independent Auditors
(24)	Powers of Attorney
(27)A.	Financial Data Schedule for the year ended January 29, 2000
B.	Restated Financial Data Schedule for the years ended January 30, 1999 and January 31, 1998.
C.	Restated Financial Data Schedule for the quarters ended May 1, 1999, July 31, 1999 and October 30, 1999.
D.	Restated Financial Data Schedule for the quarters ended May 2, 1998, August 1, 1998 and October 31, 1998.
(99)A.	Registrant's Form 11-K Report
C.	Cautionary Statements Relating to Forward-Looking Information

EXHIBIT (12)

TARGET CORPORATION

Computations of Ratios of Earnings to Fixed Charges and

Ratios of Earnings to Fixed Charges and Preferred Stock Dividends

(Millions of Dollars)

/s/ JAMES T. HALE

James T. Hale
Secretary

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1999 results

	Fiscal Year Ended				
	Jan. 29, 2000	**Jan. 30, 1999**	**Jan. 31, 1998**	**Feb. 1, 1997**	**Feb. 3, 1996**
Ratio of Earnings to Fixed Charges:					
Earnings:					
Consolidated net earnings before extraordinary charges	**$ 1,185**	$ 962	$ 802	$ 474	$ 311
Income taxes	**751**	594	524	309	190
Total earnings before extraordinary charges	**1,936**	1,556	1,326	783	501
Fixed charges:					
Interest expense	**415**	421	437	464	461
Interest portion of rental expense	**69**	63	59	59	59
Total fixed charges	**484**	484	496	523	520
Less:					
Capitalized interest	**(16)**	(16)	(16)	(16)	(14)
Fixed charges in earnings	**468**	468	480	507	506
Earnings available for fixed charges	**$ 2,404**	$ 2,024	$ 1,806	$ 1,290	$ 1,007
Ratio of earnings before extraordinary charges to fixed charges	**4.96**	4.18	3.65	2.46	1.94
Ratio of Earnings to Fixed Charges and Preferred Stock Dividends:					
Total fixed charges, as above	**$ 484**	$ 484	$ 496	$ 523	$ 520
Dividends on preferred stock (pre-tax basis)	**29**	32	35	37	37
Total fixed charges and preferred stock dividends	**513**	516	531	560	557
Earnings available for fixed charges and preferred stock dividends	**$ 2,404**	$ 2,024	$ 1,806	$ 1,290	$ 1,007
Ratio of earnings before extraordinary charges to fixed charges and preferred stock dividends	**4.69**	3.92	3.40	2.30	1.81

Target

	Revenues (percent of total)	**Pre-tax Segment Profit (percent of total)**	**Retail Square Feet (percent of total)**
Department Stores	9%	12%	10%
Mervyn's	12%	8%	16%
Target	78%	80%	74%
Other	1%	—	—

* In thousands, reflects total square feet less office, warehouse and vacant space.

(dollars in millions)	**1999**	**1998**	**1997**	**Target (at year end)**	**Employees: 214,000**
Revenues	$ 26,080	$ 23,014	$ 20,298		
Pre-tax Segment Profit	$ 2,022	$ 1,578	$ 1,287		
Stores	912	851	796	[MAP]	
Retail Square Feet*	102,945	94,553	87,158		

	Retail Sq. Ft. (in thousands)	**No. of Stores**		**Retail Sq. Ft. (in thousands)**	**No. of Stores**		**Retail Sq. Ft. (in thousands)**	**No. of Stores**		**Retail Sq. Ft. (in thousands)**	**No. of Stores**
Alabama	117	1	Kansas	1,290	10	New Hampshire	392	3	South Dakota	391	4
Arizona	2,982	27	Kentucky	1,274	12	New Jersey	1,625	13	Tennessee	2,001	19
Arkansas	229	2	Louisiana	203	2	New Mexico	870	8	Texas	9,297	85
California	16,355	145	Maryland	2,158	18	New York	2,288	18	Utah	1,178	7
Colorado	2,533	23	Massachusetts	522	4	North Carolina	2,668	24	Virginia	2,769	23
Delaware	146	1	Michigan	4,908	46	North Dakota	437	4	Washington	2,557	24
Florida	7,442	66	Minnesota	6,024	51	Ohio	3,571	31	Wisconsin	2,599	24
Georgia	3,445	30	Mississippi	239	2	Oklahoma	817	8	Wyoming	182	2
Idaho	406	4	Missouri	1,885	17	Oregon	1,194	11			
Illinois	6,050	52	Montana	423	4	Pennsylvania	1,600	13			
Indiana	2,876	30	Nebraska	1,074	9	Rhode Island	128	1			
Iowa	1,868	17	Nevada	1,267	11	South Carolina	665	6	**Total**	**102,945**	**912**

Mervyn's

Major Markets	**No. of Stores**
Greater Los Angeles	71
Chicago	38
Minneapolis/St. Paul	34
San Francisco Bay Area	28
Dallas/Ft. Worth	24
Atlanta	24
Detroit	23
Houston	21
Greater Miami	20
Phoenix	18
Denver/Boulder	15
Greater New York City	15
San Diego	14
Washington DC	14
Seattle/Tacoma	13
St. Louis	13
Tampa/St. Petersburg	12
Greater Philadelphia	12
Greater Cleveland	11
Indianapolis	11
Orlando	10
Sacramento	10
Baltimore	10

* In thousands, reflects total square feet less office, warehouse and vacant space.

(dollars in millions)	**1999**	**1998**	**1997**	**Mervyn's (at year end)**	**Employees: 32,000**
Revenues	$ 4,099	$ 4,150	$ 4,219		
Pre-tax Segment Profit	$ 205	$ 240	$ 280		
Stores	267	268	269	[MAP]	
Retail Square Feet*	21,635	21,729	21,810		

	Retail Sq. Ft. (in thousands)	**No. of Stores**		**Retail Sq. Ft. (in thousands)**	**No. of Stores**		**Retail Sq. Ft. (in thousands)**	**No. of Stores**		**Retail Sq. Ft. (in thousands)**	**No. of Stores**
Arizona	1,202	15	Louisiana	449	6	New Mexico	267	3	Utah	753	8
California	9,607	124	Michigan	1,162	15	Oklahoma	269	3	Washington	1,440	16
Colorado	853	11	Minnesota	1,157	9	Oregon	559	7			
Idaho	82	1	Nevada	491	7	Texas	3,344	42	**Total**	**21,635**	**267**

Department Stores

Major Markets	**No. of Stores**
Greater Los Angeles	48
San Francisco Bay Area	29
Dallas/Ft. Worth	12
San Diego	12
Phoenix	11
Detroit	9
Houston	9
Minneapolis/St. Paul	9
Seattle/Tacoma	9
Greater Salt Lake City	8
Denver/Boulder	6

* In
thousands, reflects total square feet less office, warehouse and vacant space.

(dollars in millions)	1999	1998	1997		
Revenues	$ 3,074	$ 3,064	$ 2,970	**Department Stores (at year end)**	**Employees: 34,000**
Pre-tax Segment Profit	$ 296	$ 279	$ 240		
Stores	64	63	65	[MAP]	
Retail Square Feet*	14,060	13,890	14,090		

	Retail Sq. Ft. (in thousands)	No. of Stores		Retail Sq. Ft. (in thousands)	No. of Stores		Retail Sq. Ft. (in thousands)	No. of Stores
Dayton's			**Hudson's**			**Marshall Field's**		
Minnesota	3,040	12	Michigan	4,784	21	Illinois	4,173	17
North Dakota	297	3				Indiana	246	2
South Dakota	102	1				Ohio	618	3
Wisconsin	373	3				Wisconsin	427	2
						Total	**14,060**	**64**

Analysis of Operations

Our 1999 results mark the fourth consecutive year of earnings per share growth in excess of 20 percent. This exceptional growth in earnings per share was driven by substantial expansion in Target's gross margin rate.

[Graph]

Diluted Earnings per share

Major Markets	No. of Stores
Chicago	16
Detroit	11
Minneapolis/St. Paul	10

Earnings

Our net earnings were $1,144 million in 1999, compared with $935 million in 1998 and $751 million in 1997. Earnings per share were $2.45 in 1999, $1.98 in 1998 and $1.59 in 1997. References to earnings per share refer to diluted earnings per share. Earnings per share, dividends per share and common shares outstanding reflect our 1998 two-for-one share split and our 1996 three-for-one share split.

Earnings Analysis

	'95	'96	'97	'98	'99
as reported	$ .65	$ .97	$ 1.59	$ 1.98	$ 2.45
before unusual items		$ 1.18	$ 1.64	$ 2.06	$ 2.54

Management
uses net earnings before unusual items, among other standards, to measure operating performance. It supplements, and is not intended to represent a measure of performance in accordance with, disclosures required by generally accepted accounting principles. Each per share amount is calculated independently.

Management's
discussion and analysis is based on our reclassified Consolidated Results of Operations as shown and discussed on page 24.

Revenues and Comparable-Store Sales

In 1999, our total revenues increased 9.9 percent and comparable-store sales increased 5.1 percent. Total revenues include retail sales and net credit revenues. Comparable-store sales are sales from stores open longer than one year. Revenue growth in 1999 and 1998 reflected Target's strong comparable-store sales growth and new store expansion. The impact of inflation was minimal and, as a result, the overall comparable-store sales increase closely approximated real growth.

[Graph]

Revenues

(millions)

	Earnings			Diluted Earnings per Share		
(millions, except per share data)	**1999**	**1998**	**1997**	**1999**	**1998**	**1997**
Net earnings before unusual items	**$ 1,188**	$ 970	$ 775	**$ 2.54**	$ 2.06	$ 1.64
Mainframe outsourcing (pre-tax 1999 $5 mil, 1998 $42 mil)	**(3)**	(26)	—	**(.01)**	(.06)	—
Favorable outcome of inventory shortage tax matter	**—**	20	—	**—**	.04	—
Securitization gain/(loss) (pre-tax 1998 $3 mil loss, 1997 $45 mil gain)	**—**	(2)	27	**—**	—	.06
Net earnings before extraordinary charges	**1,185**	962	802	**2.54**	2.04	1.70
Extraordinary charges—debt repurchase	**(41)**	(27)	(51)	**(.09)**	(.06)	(.11)
Net earnings	**$ 1,144**	$ 935	$ 751	**$ 2.45**	$ 1.98	$ 1.59

Revenues and Comparable-Store Sales Growth

'95	'96	'97	'98	'99
$ 23,234	$ 25,092	$ 27,487	$ 30,662	$ 33,702

Revenues per Square Foot

	1999		1998	
	Revenues	**Comparable-Store Sales**	**Revenues**	**Comparable-Store Sales**
Target	**13.3%**	**6.7%**	13.4%	6.1%
Mervyn's	**(1.2)**	**(0.7)**	(1.6)	0.9
Department Stores	**0.3**	**0.8**	3.2	4.5
Total	**9.9%**	**5.1%**	11.6%	5.2%

Thirteen-month
average retail square feet.

Gross Margin Rate

The gross margin rate represents gross margin as a percent of sales. In 1999, our gross margin rate increased primarily due to rate expansion at Target and the Department Stores, resulting from improved markup and markdowns at Target and improved markup at the Department Stores. This increase was partially offset by the mix impact of strong growth at Target, our lowest gross margin rate division. In 1998, our overall gross margin rate increased modestly from the prior year, primarily due to lower markdowns at Target.

The
LIFO provision, included in cost of sales, is calculated based on inventory levels, markup rates and internally generated retail price indices. In 1999, the LIFO provision was a $7 million credit ($.01 per share), compared with an $18 million credit ($.02 per share) in 1998 and a $6 million charge ($.01 per share) in 1997. The 1999 LIFO credit resulted primarily from higher markup. The 1998 LIFO credit resulted primarily from higher markup and higher inventory levels.

Operating Expense Rate

Operating expense rate represents selling, general and administrative expense (including buying and occupancy, advertising, start-up and other expense) as a percent of revenues. Our operating expense rate was essentially even with the prior year, benefiting from the overall growth of Target, our lowest expense rate division, and lower bad debt expense. These factors were offset by the lack of sales leverage in 1999 at Mervyn's and the Department Stores. The operating expense rate in 1998 was essentially even with 1997.

[Graph]

Pre-tax Segment Profit

(millions)

	1999	1998	1997
Target	**$ 264**	$ 253	$ 243
Mervyn's	**189**	191	187
Department Stores	**220**	219	211

Pre-tax Segment Profit

Pre-tax segment profit increased 20 percent in 1999 to $2,523 million, compared with $2,097 million in 1998 and $1,807 million in 1997. Pre-tax segment profit is earnings before LIFO, securitization effects, interest, other expense and unusual items. Target provided substantially all of our pre-tax profit growth in 1999 with a 28 percent pre-tax profit increase. Target's full-year profit margin rate increased to 7.8 percent of revenues in 1999 from 6.9 percent in 1998.

Pre-tax Segment Profit and Percent Change from Prior Year

'95	'96	'97	'98	'99
$ 1,030	$ 1,471	$ 1,807	$ 2,097	$ 2,523

Pre-tax Segment Profit as a Percent of Revenues

(millions)	1999		1998	
Target	$ 2,022	28%	$ 1,578	23%
Mervyn's	205	(14)	240	(14)
Department Stores	296	6	279	16
Total	$ 2,523	20%	$ 2,097	16%

EBITDA

EBITDA is pre-tax segment profit before depreciation and amortization.

EBITDA and Percent Change from Prior Year

	1999	1998
Target	7.8%	6.9%
Mervyn's	5.0%	5.8%
Department Stores	9.6%	9.1%

EBITDA as a Percent of Revenues

(millions)	1999		1998	
Target	$ 2,589	25%	$ 2,074	20%
Mervyn's	343	(9)	378	(7)
Department Stores	429	4	414	12
Total	$ 3,361	17%	$ 2,866	15%

Management uses pre-tax segment profit and EBITDA, among other standards, to measure operating performance. Pre-tax segment profit and EBITDA supplement, and are not intended to represent measures of performance in accordance with, disclosures required by generally accepted accounting principles.

Interest Expense

We consider payments to holders of our sold securitized receivables as "interest equivalent." In 1999, the total of interest expense and interest equivalent was $442 million, $4 million lower than 1998. The average portfolio interest rate in 1999 was 7.5 percent. In 1998, the total of interest expense and interest equivalent was $3 million lower than 1997. The average portfolio interest rate in 1998 was 7.8 percent. In both years, the reduction in interest expense and interest equivalent was due to a lower average portfolio interest rate, partially offset by higher average funded balances.

During 1999, we repurchased $381 million of debt for $444 million, resulting in an after-tax extraordinary charge of $41 million ($.09 per share). The debt repurchased had a weighted-average interest rate of 9.3 percent and an average remaining life of 18 years. The replacement of this debt with lower interest rate financing will have a favorable impact on interest expense going forward. In 1998 and 1997, we repurchased $127 million and $503 million of long-term debt, resulting in after-tax extraordinary charges of $27 million ($.06 per share) and $51 million ($.11 per share), respectively.

Income Tax Rate

The effective income tax rate was 38.8 percent in 1999, and 38.2 percent and 39.5 percent in 1998 and 1997, respectively. The 1998 effective tax rate reflected the beneficial effect of $20 million ($.04 per share), resulting from the favorable outcome of our inventory shortage tax matter.

Securitized Receivables

In 1998, Target Receivables Corporation (TRC), a special-purpose subsidiary, sold to the public $400 million of securitized receivables. This issue of asset-backed securities had an expected maturity of five years and a stated rate of 5.90 percent. Proceeds from the sale were used for general corporate purposes, including funding the growth of receivables. The 1998 sale transaction and the maturity of our 1995 securitization resulted in a net pre-tax loss of $3 million (less than $.01 per share), which reduced 1998 finance charge revenues and pre-tax earnings.

In 1997, TRC sold to the public $400 million of securitized receivables, with an expected maturity of five years and a stated rate of 6.25 percent. This transaction, combined with the impact of the application of SFAS No. 125 to our 1995 securitization, resulted in a $45 million ($.06 per share) increase in finance charge revenues and pre-tax earnings.

Our Consolidated Results of Operations also include reductions of finance charge revenues and bad debt expense related to sold securitized receivables. The amounts that represent payments to holders of our sold securitized receivables are included in our pre-tax earnings reconciliation on page 37 as interest equivalent. Interest equivalent was $49 million in 1999, $48 million in 1998 and $33 million in 1997.

Mainframe Outsourcing

In 1998, we announced our plan to outsource our mainframe computer data center functions and expensed $42 million ($.06 per share) of related charges. During 1999, we completed the transition and expensed an additional $5 million ($.01 per share) related to the outsourcing. These expenses are included in selling, general and administrative expense.

Year 2000 Readiness Disclosure

We began mitigating the risks associated with the year 2000 date conversion in 1993. In 1997, we established a corporate-wide, comprehensive plan of action designed to achieve an uninterrupted transition into the year 2000. This project included three major elements: 1) information technology (IT) systems, 2) non-IT, or embedded technology, systems and 3) relationships with our key business partners. The project was divided into five phases: awareness, assessment, renovation, validation and implementation. During 1999, we completed all phases for the three elements, using both internal and external resources to implement our plan.

For our IT systems, we assessed both existing and newly implemented hardware, application software and operating systems. We also assessed non-IT systems, or embedded technology/infrastructure, risks at our stores, distribution centers and headquarters facilities. We identified our key business partners and worked closely with them to assess their readiness and mitigate the risk to us if they were not prepared for the year 2000. We installed the year 2000 ready version of Electronic Data Interchange (EDI) software and tested the software with our key vendors.

To date, we have not experienced any significant issues associated with the date rollover. We have experienced no systems failures, no unusually high levels of returned merchandise, no interruptions of data transmission using EDI software and no major disruptions in the supply of product from our vendors. We continue to test and monitor our systems and applications for such issues in order to address them promptly, should any arise.

In 1999, we expensed $16 million related to year 2000 readiness. Prior to 1999, we expensed $32 million related to year 2000 readiness. In addition, this program accelerated the timing of $15 million of planned capital expenditures. All expenditures related to our year 2000 readiness initiative were within our estimates, were funded by cash flow from operations and did not materially impact our other operating or investment plans.

Fourth Quarter Results

Due to the seasonal nature of the retail industry, fourth quarter operating results typically represent a substantially larger share of total year revenues and earnings due to the inclusion of the holiday shopping season.

Fourth quarter 1999 net earnings were $494 million, compared with $423 million in 1998. Earnings per share were $1.06 for the quarter, compared with $.90 in 1998. Total revenues increased 8.7 percent and comparable-store sales increased 3.5 percent. Our pre-tax profit increased 16 percent to $1,000 million, driven by Target's strong results.

Fourth Quarter Pre-tax Segment Profit and Percent Change from Prior Year

	1999	1998
Target	9.9%	9.0%
Mervyn's	8.4%	9.1%
Department Stores	14.0%	13.5%

Analysis of Financial Condition

Our financial condition remains strong. Cash flow from operations was $2,252 million, driven by earnings growth, strong inventory control and accounts payable leveraging. Internally generated funds continue to be the most important component of our capital resources and, along with our ability to access a variety of financial markets, provide funding for our expansion plans. We continue to fund the growth in our business through a combination of internally generated funds, debt and sold securitized receivables.

During 1999, our average total receivables serviced (which includes both retained and sold securitized receivables) increased 5 percent, or $124 million, due to growth of the Target Guest Card. Year-end total receivables serviced increased 7 percent from last year. In 1999, the number of Target Guest Card holders grew to over 15 million accounts at year end, compared with 12 million in 1998.

[Graph]

Cash Flow from Operations

(millions)

(millions)	1999		1998	
Target	$ 811	26%	$ 646	26%
Mervyn's	69	(34)	104	—
Department Stores	120	5	115	12
Total	$ 1,000	16%	$ 865	20%

Inventory levels increased $323 million in 1999. This growth was more than fully funded by the $364 million increase in accounts payable over the same period.

Capital expenditures were $1,918 million in 1999, compared with $1,657million in 1998. Investment in Target accounted for 87 percent of 1999 capital expenditures and included the purchase of real estate assets of a membership-based, general merchandise retailer for approximately $125 million. Net property and equipment increased $930 million. During 1999, Target opened 61 net new stores.

[Graph]

Capital Expenditures

(millions)

'95	'96	'97	'98	'99
$ 1,161	$ 1,458	$ 1,795	$ 1,862	$ 2,252

Approximately 69 percent of total expenditures was for new stores, expansions and remodels. Other capital investments were for information systems, distribution and other infrastructure to support store growth, primarily at Target. Over the past five years, Target's retail square footage has grown at a compound annual rate of approximately 10 percent.

Our financing strategy is to ensure liquidity and access to capital markets, to manage the amount of floating-rate debt and to maintain a balanced spectrum of debt maturities. Within these parameters, we seek to minimize our cost of borrowing.

In January 1999, our Board of Directors authorized the repurchase of $1 billion of our common stock. We repurchased 9.4 million shares of stock during 1999 at a total cost of $588 million ($62.58 per share), net of the premium from exercised and expired put options. In March 2000, our Board of Directors authorized the repurchase of an additional $1 billion of our common stock.

Repurchases are made primarily in open market transactions, subject to market conditions. Our program also includes the sale of put options that entitle the holder to sell shares of our common stock to us, at a specified price, if the holder exercises the option. During 2000, we expect to continue to repurchase shares at a pace similar to that of 1999.

A key to our access to liquidity and capital markets is maintaining strong investment-grade debt ratings. During the year, our debt ratings were upgraded by Duff & Phelps. Subsequent to year-end, as reflected in the table below, our debt ratings were also upgraded by Moody's. Further liquidity is provided by $1.6 billion of committed lines of credit obtained through a group of 31 banks.

Credit Ratings

'95	'96	'97	'98	'99
$ 1,522	$ 1,301	$ 1,354	$ 1,657	$ 1,918

Performance Objectives

[Graph]

Market Price per Share

(year-end close)

	Moody's	Standard and Poor's	Duff & Phelps
Long-term debt	A2	A-	A
Commercial paper	P-1	A-2	D-1
Sold securitized receivables	Aaa	AAA	N/A

Shareholder Return

Our primary objective is to maximize shareholder value over time through a combination of share price appreciation and dividend income while maintaining a prudent and flexible capital structure. Our total return to shareholders over the last five years averaged 43 percent annually, returning about $618 for each $100 invested in our stock at the beginning of this period.

Measuring Value Creation

We measure value creation internally using a form of Economic Value Added (EVA), which we define as after-tax segment profit less a capital charge for all investment employed. The capital charge is an estimate of our after-tax cost of capital adjusted for the age of our stores, recognizing that mature stores inherently have higher returns than newly opened stores. We estimate the after-tax cost of capital for our retail business is approximately 9 percent, while our credit operations' after-tax cost of capital is approximately 5 percent as a result of its ability to support higher debt levels. We expect to generate returns in excess of these costs of capital, thereby producing EVA.

EVA is used to evaluate our performance and to guide capital investment decisions. A significant portion of executive incentive compensation is tied to the achievement of targeted levels of annual EVA improvement.

Financial Objectives

We believe that managing our business with a focus on EVA helps achieve our objective of average annual earnings per share growth of 15 percent or more over time. Our financial strategy is to produce these results with strong interest coverage and prudent levels of debt, which will allow efficient capital market access to fund our growth. Earnings per share before unusual items has grown at a compound annual rate of 23 percent over the last five years.

Reflecting our strong cash flow, we ended 1999 with a retail debt ratio of 40 percent. In evaluating our debt level, we separate retail operations from credit operations due to their inherently different financial characteristics. We view the appropriate capitalization of our credit operations to be 88 percent debt and 12 percent equity, similar to ratios of comparable credit card businesses.

Debt Ratios and Interest Coverage

'95	'96	'97	'98	'99
$ 12.50	$ 18.81	$ 35.97	$ 63.75	$ 63.38

Debt ratios and interest coverage include the impact of sold securitized receivables and off-balance sheet operating leases as if they were debt. Interest coverage represents the ratio of pre-tax earnings before unusual items and fixed charges to fixed charges (interest expense, interest equivalent and the interest portion of rent expense).

[Two Graphs]

Retail Capitalization

(millions)

	1999	1998	1997
Retail	**40%**	41%	45%
Credit	**88%**	88%	88%
Total debt ratio	**49%**	50%	54%
Interest coverage	**4.6x**	4.0x	3.4x

Credit Capitalization

(millions)

	'97	'98	'99
debt	$ 4,127	$ 4,118	$ 4,334
total	$ 9,082	$ 9,988	$ 10,795

Credit Operations

We offer proprietary credit in each of our business segments. These credit programs strategically support our core retail operations and are an integral component of each business segment. The programs contribute to our earnings growth by driving sales at our stores and through growth in credit contribution. Therefore, credit contribution, shown below, is reflected in each business segment's pre-tax profit on a receivables serviced basis. Because we service both the retained and sold securitized receivables, we manage our portfolio on a serviced basis. In contrast, our consolidated financial statements reflect only our retained securitized receivables.

In 1999, pre-tax contribution from credit increased 16 percent over the prior year, compared with a 5 percent growth in average receivables serviced. The improved credit performance reflects continued growth of the Target Guest Card, improved delinquency experience and a decrease in write-offs as a percent of receivables. In 1998 and 1997, the bad debt provision exceeded net write-offs during the year. In 1999, the bad debt provision was equal to net write-offs.

Credit Contribution

	'97	'98	'99
debt	$ 2,026	$ 2,108	$ 2,281
total	$ 2,302	$ 2,395	$ 2,592

Merchant fees are intercompany fees charged to our retail operations on a basis similar to fees charged by third-party credit card issuers. These fees, which include deferred billing fees charged for carrying non-revenue-earning revolving balances, are eliminated in consolidation. Operations and marketing expenses include costs associated with the opening, retention and servicing of accounts.

Average Receivables Serviced

(millions)	1999	1998	1997
Revenues:			
Finance charges, late fees and other revenues	**$ 609**	$ 588	$ 510
Merchant fees	**90**	81	77
Total revenues	**699**	669	587
Expenses:			
Bad debt	**147**	180	190
Operations and marketing	**182**	169	125
Total expenses	**329**	349	315
Pre-tax credit contribution	**$ 370**	$ 320	$ 272

Allowance for Doubtful Accounts

(millions)	1999	1998	1997
Target	**$ 974**	$ 803	$ 644

Mervyn's	**718**	764	812
Department Stores	**719**	720	707
Total average receivables serviced	**$ 2,411**	$ 2,287	$ 2,163
Total year-end receivables serviced	**$ 2,681**	$ 2,496	$ 2,424

[Two Graphs]

Credit Contribution

(millions)

(millions)	1999	1998	1997
Allowance at beginning of year	**$ 203**	$ 168	$ 119
Bad debt provision	**147**	180	190
Net write-offs	**(147)**	(145)	(141)
Allowance at end of year	**$ 203**	$ 203	$ 168
As a percent of year-end receivables serviced	**7.6%**	8.1%	6.9%
As a multiple of current year net write-offs	**1.4x**	1.4x	1.2x

New Accounts Opened

(millions)

'95	'96	'97	'98	'99
$ 179	$ 210	$ 272	$ 320	$ 370

Fiscal Year 2000

As we look forward into 2000, we believe that we will deliver another year of strong growth in revenues and earnings, driven primarily by increases in comparable-store sales and new store growth at Target. Our gross margin rate is expected to be essentially even with 1999. Our operating expense rate is expected to benefit modestly from the leveraging of fixed costs. Our credit operations are also expected to contribute to our growth in earnings as we continue to open new accounts, especially at Target, and leverage operating expenses.

In 2000, we expect to reinvest $2.5 to $3 billion in our business, through a combination of capital investment and repurchase of our shares. In the upcoming year, Target plans to open approximately 80 total new stores, including locations in two new states, West Virginia and Connecticut. Once again, our opening plans will focus on markets in the Mid-Atlantic and Northeast, and we will essentially double our number of SuperTarget locations from the 16 we operated at year-end. We expect Target's retail square footage to expand in the range of 8 to 10 percent annually for the foreseeable future. Our planned capital expenditures also include ongoing remodeling programs at all three operating segments and other capital support. Funding sources for the growth of our business include internally generated funds, debt and sold securitized receivables.

The total of interest expense and interest equivalent is expected to be moderately higher than 1999 due to higher average funded balances, partially offset by a lower average portfolio interest rate. Our $800 million of sold securitized receivables will result in approximately $50 million of interest equivalent for the year.

The effective income tax rate is expected to approximate 38.5 percent.

Forward-Looking Statements

This Annual Report, including the preceding management's discussion and analysis, contains forward-looking statements regarding our performance, liquidity and the adequacy of our capital resources. Those statements are based on our current assumptions and expectations and are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. We caution that the forward-looking statements are qualified by the risks and challenges posed by increased competition, shifting consumer demand, changing consumer credit markets, changing capital markets and general economic conditions, hiring and retaining effective team members, sourcing merchandise from domestic and international vendors, investing in new business strategies, achieving our growth objectives, and other risks and uncertainties. As a result, while we believe that there is a reasonable basis for the forward-looking statements, you should not place undue reliance on those statements. You are encouraged to review Exhibit (99)C attached to our Form 10-K Report for the year ended January 29, 2000, which contains additional important factors that may cause actual results to differ materially from those predicted in the forward-looking statements.

[Pullout]

	'95	'96	'97	'98	'99
Target	2.1	2.7	3.9	3.9	3.2
Mervyn's	1.2	1.0	1.3	1.2	.8
Department Stores	.6	.5	.7	.6	.6

See Notes to Consolidated Financial Statements throughout pages 24-37.

Summary of Accounting Policies

Organization Effective beginning of fiscal year 2000, Dayton Hudson Corporation changed its name to Target Corporation. We are a general merchandise retailer, comprised of three operating segments: Target; Mervyn's; and Dayton's, Marshall Field's, Hudson's (the Department Stores). Target, an upscale discount chain located in 44 states at year-end, contributed 78 percent of our 1999 total revenues. Mervyn's, a middle-market promotional department store located in 14 states in the West, South and Midwest, contributed 12 percent of total revenues. The Department Stores, traditional department stores located in eight states in the upper Midwest, contributed 9 percent of total revenues.

Consolidation The financial statements include the balances of the Corporation and its subsidiaries after elimination of material intercompany balances and transactions. All material subsidiaries are wholly owned.

Use of Estimates The preparation of our financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results may differ from those estimates.

Fiscal Year Our fiscal year ends on the Saturday nearest January 31. Unless otherwise stated, references to years in this report relate to fiscal years rather than to calendar years. Fiscal years 1999, 1998 and 1997 consisted of 52 weeks.

Reclassifications Within the Consolidated Results of Operations, certain reclassifications have been made to prior years' income and expense amounts to conform to the 1999 presentation. None of the reclassifications impacted our net earnings or earnings per share in any period. The reclassifications include the separate presentation of sales and net credit revenues; the application of the provisions of Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements"; the classification of buying and occupancy expenses in selling, general and administrative expense rather than cost of sales; and the classification of taxes other than income taxes in selling, general and administrative expense.

Revenues

Revenue from retail sales is recognized at the time of sale. Leased department sales, net of related cost of sales, are included within sales and were $31 million in 1999, $29 million in 1998, and $25 million in 1997. Net credit revenues include finance charges and late fees on internal credit sales, net of the effect of sold securitized receivables. Internal credit sales were $5.0 billion, $4.5 billion and $4.2 billion in 1999, 1998 and 1997, respectively.

Advertising Costs

Advertising costs, included in selling, general and administrative expense, are expensed as incurred and were $791 million, $745 million and $679 million for 1999, 1998 and 1997, respectively.

Impact of Year 2000

Year 2000 related costs, included in selling, general and administrative expense, were expensed as incurred. In 1999, we expensed $16 million related to year 2000 readiness. Prior to 1999, we expensed $32 million. In addition, we accelerated the timing of $15 million of planned capital expenditures, which are recorded in property and equipment at cost less accumulated depreciation.

Mainframe Outsourcing

In 1998, we announced our plan to outsource our mainframe computer data center functions and expensed $42 million ($.06 per share) of related charges. During 1999, we completed the transition and expensed an additional $5 million ($.01 per share) related to the outsourcing. These expenses are included in selling, general and administrative expense.

Start-up Expense

In first quarter 1999, we adopted SOP 98-5, "Reporting on the Costs of Start-Up Activities." The adoption did not impact total year start-up expense, which is included in selling, general and administrative expense.

Earnings per Share

Basic EPS is net earnings, less dividend requirements on the Employee Stock Ownership Plan (ESOP) preferred shares prior to their conversion to common shares, divided by the average number of common shares outstanding during the period. In January 2000, each outstanding ESOP preferred share was converted into 60 shares of our common stock. These shares are now included within weighted average common shares outstanding.

Diluted EPS assumed conversion of the ESOP preferred shares into common shares and replacement of the ESOP preferred dividends with common stock dividends, prior to the conversion of all preferred shares in January 2000. In addition, net earnings were adjusted for expense required to fund the ESOP debt service, prior to repayment of the loan in 1998. References herein to earnings per share refer to Diluted EPS.

All earnings per share, dividends per share and common shares outstanding reflect our 1998 two-for-one share split.

(millions, except per share data)	1999	1998	1997
Sales	**$ 33,212**	$ 30,203	$ 27,019
Net credit revenues	**490**	459	468

Total revenues	**33,702**	30,662	27,487
Cost of sales	**23,029**	21,085	18,944
Selling, general and administrative expense	**7,490**	6,843	6,108
Depreciation and amortization	**854**	780	693
Interest expense	**393**	398	416
Earnings before income taxes and extraordinary charges	**1,936**	1,556	1,326
Provision for income taxes	**751**	594	524
Net earnings before extraordinary charges	**1,185**	962	802
Extraordinary charges from purchase and redemption of debt, net of tax	**41**	27	51
Net earnings	**$ 1,144**	$ 935	$ 751
Earnings before extraordinary charges	**$ 2.64**	$ 2.14	$ 1.80
Extraordinary charges	**(.09)**	(.06)	(.12)
Basic earnings per share	**$ 2.55**	$ 2.08	$ 1.68
Earnings before extraordinary charges	**$ 2.54**	$ 2.04	$ 1.70
Extraordinary charges	**(.09)**	(.06)	(.11)
Diluted earnings per share	**$ 2.45**	$ 1.98	$ 1.59
Weighted average common shares outstanding:			
Basic	**441.3**	440.0	436.1
Diluted	**465.7**	467.3	463.7

*
Before extraordinary charges

consolidated statements of financial position

	Basic EPS			Diluted EPS		
(millions, except per share data)	**1999**	**1998**	**1997**	**1999**	**1998**	**1997**
Net earnings*	**$ 1,185**	$ 962	$ 802	**$ 1,185**	$ 962	$ 802
Less: ESOP net earnings adjustment	**(18)**	(20)	(20)	**(4)**	(8)	(13)
Adjusted net earnings*	**$ 1,167**	$ 942	$ 782	**$ 1,181**	$ 954	$ 789
Weighted average common shares outstanding	**441.3**	440.0	436.1	**441.3**	440.0	436.1
Performance shares	**—**	—	—	**.1**	.8	1.3
Stock options	**—**	—	—	**5.8**	5.5	3.9
Assumed conversion of ESOP preferred shares	**—**	—	—	**18.5**	21.0	22.4
Total common equivalent shares outstanding	**441.3**	440.0	436.1	**465.7**	467.3	463.7
Earnings per share*	**$ 2.64**	$ 2.14	$ 1.80	**$ 2.54**	$ 2.04	$ 1.70

See Notes to Consolidated Financial Statements throughout pages 24-37.

notes to consolidated financial statements

Cash Equivalents

Cash equivalents represent short-term investments with a maturity of three months or less from the time of purchase.

Retained Securitized Receivables

Through our special purpose subsidiary, Target Receivables Corporation (TRC), we transfer, on an ongoing basis, substantially all of our receivables to a trust in return for certificates representing undivided interests in the trust's assets. TRC owns the undivided interest in the trust's assets, other than the sold securitized receivables and the 2 percent of trust assets held by Retailers National Bank (RNB), a wholly owned subsidiary of the Corporation that also services the receivables. Prior to June 1998, RNB held 5 percent of trust assets. The undivided interests held by TRC and RNB, as well as related income and expenses, are reflected in each operating segment's assets and operating results based on the origin of the credit sale giving rise to the receivable.

In 1998, TRC sold to the public $400 million of securitized receivables. This issue of asset-backed securities had an expected maturity of five years and a stated rate of 5.90 percent. Proceeds from the sale were used for general corporate purposes, including funding the growth of receivables. The 1998 sale transaction and the maturity of our 1995 securitization resulted in a net loss of $3 million (less than $.01 per share), which reduced 1998 finance charge revenues and pre-tax earnings.

In 1997, TRC sold to the public $400 million of securitized receivables, with an expected maturity of five years and a stated rate of 6.25 percent. This transaction, combined with the impact of the application of SFAS No. 125 to our 1995 securitization, resulted in a $45 million ($.06 per share) increase in finance charge revenues and pre-tax earnings.

At year-end 1999, $800 million of securitized receivables had been sold to investors and TRC had borrowed $100 million through the issuance of notes payable secured by receivables.

The fair value of the retained securitized receivables, classified as available for sale, was $1,837 million and $1,656 million at year-end 1999 and 1998, respectively. The fair value of the retained securitized receivables was lower than the aggregate receivables value by $157 million and $156 million at year-end 1999 and 1998, respectively, due to our estimates of ultimate collectibility. Write-downs have been included in selling, general and administrative expense.

Inventory

Inventory and the related cost of sales are accounted for by the retail inventory accounting method using the last-in, first-out (LIFO) basis and are stated at the lower of LIFO cost or market. The cumulative LIFO provision was $53 million and $60 million at year-end 1999 and 1998, respectively.

Property and Long-lived Assets

Property and long-lived assets are recorded at cost less accumulated depreciation or amortization. Depreciation and amortization are computed using the straight-line method over estimated useful lives. Accelerated depreciation methods are generally used for income tax purposes.

Estimated useful lives by major asset category are as follows:

(millions)	**January 29, 2000**	**January 30, 1999**
Assets		
Cash and cash equivalents	**$ 220**	$ 255
Retained securitized receivables	**1,837**	1,656
Inventory	**3,798**	3,475
Other	**628**	619
Total current assets	**6,483**	6,005
Property and equipment		
Land	**2,069**	1,868
Buildings and improvements	**7,807**	7,217
Fixtures and equipment	**3,422**	3,274
Construction-in-progress	**526**	378
Accumulated depreciation	**(3,925)**	(3,768)
Property and equipment, net	**9,899**	8,969
Other	**761**	692
Total assets	**$ 17,143**	$ 15,666
Liabilities and shareholders' investment		
Accounts payable	**$ 3,514**	$ 3,150
Accrued liabilities	**1,520**	1,444
Income taxes payable	**318**	207
Current portion of long-term debt and notes payable	**498**	256
Total current liabilities	**5,850**	5,057
Long-term debt	**4,521**	4,452
Deferred income taxes and other	**910**	822
Convertible preferred stock, net	**—**	24
Shareholders' investment		
Convertible preferred stock	**—**	268
Common stock	**76**	74
Additional paid-in-capital	**730**	286
Retained earnings	**5,056**	4,683
Total shareholders' investment	**5,862**	5,311
Total liabilities and shareholders' investment	**$ 17,143**	$ 15,666

On
an ongoing basis, we evaluate our long-lived assets for impairment using undiscounted cash flow analysis.

Accounts Payable

Outstanding drafts included in accounts payable were $599 million and $519 million at year-end 1999 and 1998, respectively.

consolidated statements of cash flows

Asset	Life (in years)
Buildings and improvements	8 – 50
Fixtures and equipment	5 – 8
Computer hardware and software	4
Intangible assets and goodwill	3 – 20

Amounts
presented herein are on a cash basis and therefore may differ from those shown in other sections of this Annual Report. Cash paid for income taxes was $575 million, $564 million and $454 million during 1999, 1998 and 1997, respectively. Cash paid for interest (including interest capitalized) was $405 million, $393 million and $485 million during 1999, 1998 and 1997, respectively.

See
Notes to Consolidated Financial Statements throughout pages 24-37.

notes to consolidated financial statements

Lines of Credit

At January 29, 2000, two committed credit agreements totaling $1.6 billion were in place through a group of 31 banks at specified rates. There were no balances outstanding at any time during 1999 or 1998 under these agreements.

Long-term Debt and Notes Payable

At January 29, 2000, $664 million of notes payable were outstanding, $564 million of which were classified as long-term debt as they were supported by our $800 million committed credit agreement that expires in 2002. The remaining $100 million of notes payable is financing secured by the Target Credit Card Master Trust Series 1996-1 Class A variable funding certificate. This certificate is debt of TRC and is classified in the current portion of long-term debt and notes payable. The average amount of secured and unsecured notes payable outstanding during 1999 was $775 million at a weighted-average interest rate of 5.5 percent.

In
1999, we issued $285 million of floating-rate notes bearing interest at initial rates between 5.32 and 5.52 percent, maturing in July through September 2001. The proceeds were used for general corporate purposes. Also during 1999, we repurchased $381 million of long-term debt with an average remaining life of 18 years and a weighted-average interest rate of 9.3 percent, resulting in an after-tax extraordinary charge of $41 million ($.09 per share).

In
1998, we issued $200 million of long-term debt at 6.65 percent, maturing in 2028 and $200 million at 5.88 percent, maturing in 2008. We also issued $200 million of long-term debt maturing in 2010, which is puttable in 2000, and we sold to a third party the right to call and remarket these securities in 2000 to their final maturity. Also during 1998, we repurchased $127 million of long-term debt, resulting in an after-tax extraordinary charge of $27 million ($.06 per share).

At
year end our debt portfolio was as follows:

Long-term Debt and Notes Payable

(millions)	1999	1998	1997
Operating activities			
Net earnings before extraordinary charges	**$ 1,185**	$ 962	$ 802
Reconciliation to cash flow:			
Depreciation and amortization	**854**	780	693
Deferred tax provision	**75**	(11)	(63)
Other noncash items affecting earnings	**163**	70	43
Changes in operating accounts providing/(requiring) cash:			
Retained securitized receivables	**(181)**	(56)	(235)
Sold securitized receivables	**—**	400	400
Maturity of sold securitized receivables	**—**	(400)	—
Inventory	**(323)**	(198)	(220)
Other current assets	**(57)**	(46)	(35)
Other assets	**(65)**	(65)	(33)
Accounts payable	**364**	336	199
Accrued liabilities	**100**	75	182
Income taxes payable	**137**	15	62
Cash flow provided by operations	**2,252**	1,862	1,795
Investing activities			
Expenditures for property and equipment	**(1,918)**	(1,657)	(1,354)
Proceeds from disposals of property and equipment	**126**	107	123
Acquisition of subsidiaries, net of cash received	**—**	(100)	—
Other	**(15)**	(5)	—
Cash flow required for investing activities	**(1,807)**	(1,655)	(1,231)
Net financing sources	**445**	207	564
Financing activities			
Increase/(decrease) in notes payable, net	**564**	(305)	(127)
Additions to long-term debt	**285**	600	375
Reductions of long-term debt	**(600)**	(343)	(690)
Principal payments received on loan to ESOP	**—**	8	22
Dividends paid	**(195)**	(178)	(165)
Repurchase of stock	**(581)**	—	—
Other	**47**	55	31
Cash flow used for financing activities	**(480)**	(163)	(554)
Net (decrease)/increase in cash and cash equivalents	**(35)**	44	10
Cash and cash equivalents at beginning of year	**255**	211	201
Cash and cash equivalents at end of year	**$ 220**	$ 255	$ 211

* Reflects the weighted-average stated interest rate as of year end.

** The estimated fair value of total notes payable and notes and debentures, using a discounted cash flow analysis based on our incremental interest rates for similar types of financial instruments, was $4,893 million at January 29, 2000 and $5,123 million at January 30, 1999.

Required
principal payments on long-term debt and notes payable over the next five years, excluding capital lease obligations, are $488 million in 2000, $638 million in 2001, $756 million in 2002, $464 million in 2003 and $105 million in 2004.

Subsequent
to year-end 1999, we issued $500 million of additional long-term debt bearing interest at 7.50 percent, maturing in February 2005.

Derivatives

From time to time we use interest rate swaps to hedge our exposure to interest rate risk. The fair value of the swaps is not reflected in the financial statements and any gain or loss recognized upon early termination is amortized over the life of the related debt obligation. The fair value of existing swaps is immaterial.

In
1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which is required to be adopted for fiscal years beginning after June 15, 2000. We have analyzed the impact of SFAS No. 133 on our existing and currently anticipated activities and do not believe the adoption of this new statement will have a material effect on our earnings or financial position.

consolidated statements of shareholders' investment

	January 29, 2000		January 30, 1999	
(millions)	Rate*	Balance	Rate*	Balance
Notes payable	**5.8%**	**$ 664**	5.2%	$ 100
Notes and debentures:				
Due 1999-2003	**7.8**	**1,682**	8.1	1,544
Due 2004-2008	**7.5**	**699**	7.6	701
Due 2009-2013	**7.9**	**472**	8.1	564
Due 2014-2018	**9.5**	**34**	9.6	70
Due 2019-2023	**8.5**	**759**	8.7	1,009
Due 2024-2028	**6.6**	**474**	6.6	475
Due 2029-2037	**5.9**	**100**	5.9	100

Total notes payable, notes and debentures**	**7.5%**	**$ 4,884**	7.9%	$ 4,563
Capital lease obligations		**135**		145
Less: current portion		**(498)**		(256)
Long-term debt and notes payable		**$ 4,521**		$ 4,452

Common Stock Authorized 3,000,000,000 shares, $.1667 par value; 455,841,388 shares issued and outstanding at January 29, 2000; 441,809,806 shares issued and outstanding at January 30, 1999.

In January 1999, our Board of Directors authorized the repurchase of $1 billion of our common stock. We repurchased 9.4 million shares of stock during 1999 at a total cost of $588 million ($62.58 per share), net of the premium from exercised and expired put options. In March 2000, our Board of Directors authorized the repurchase of an additional $1 billion of our common stock. Repurchases are made primarily in open market transactions, subject to market conditions. Our program also includes the sale of put options that entitle the holder to sell shares of our common stock to us, at a specified price, if the holder exercises the option.

We sold put options on 4.7 million shares in 1999. Options on 1.4 million shares outstanding at the end of 1999 entitled their holders to sell shares of our common stock to us at prices ranging from $63 to $74 per share on specific dates during February through June 2000. Premiums received from the sale of put options during the year were recorded in retained earnings and totaled $23 million, $7 million of which represents premiums received on put options outstanding at year end.

Preferred Stock Authorized 5,000,000 shares; no shares of Series B ESOP Convertible Preferred Stock, $.01 par value, were issued and outstanding at January 29, 2000 and 338,492 shares were issued and outstanding at January 30, 1999. In January 2000, each share of Series B ESOP Convertible Preferred Stock was converted into 60 shares of our common stock. Prior to conversion, these shares had voting rights equal to the equivalent number of common shares and were entitled to cumulative annual dividends of $56.20.

Junior Preferred Stock Rights In 1996, we declared a distribution of shares of preferred share purchase rights. Terms of the plan provide for a distribution of one preferred share purchase right for each outstanding share of our common stock. Each right will entitle shareholders to buy one six-hundredth of a share of a new series of junior participating preferred stock at an exercise price of $50.00, subject to adjustment. The rights will be exercisable only if a person or group acquires ownership of 20 percent or more of our common stock or announces a tender offer to acquire 30 percent or more of our common stock.

See Notes to Consolidated Financial Statements throughout pages 24-37.

Stock Option Plan

We have a stock option plan for key employees. Options include incentive stock options, non-qualified stock options or a combination of the two. A majority of the options vest annually in equal amounts over a four-year period. These options are cumulatively exercisable and expire no later than ten years after the date of the grant. The non-employee members of our Board of Directors also participate in our stock option plan. Their options become exercisable after one year and have a ten-year term. The typical frequency of stock option grants is once each fiscal year.

We also have a performance share and restricted share plan for key employees. The last grant was made in 1995, and all shares relating to outstanding grants were issued in 1999 pursuant to the plan. Performance shares were issued to the extent certain financial goals were met over the four-year period from the date of grant. Restricted shares were issued four years from the date of grant. Once issued, performance shares and restricted shares generally vest only upon retirement.

Options, Performance Shares and Restricted Shares Outstanding

(millions, except share data)	Convertible Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Loan to ESOP	Total
February 1, 1997	$ 271	$ 72	$ 146	$ 3,348	$ (47)	$ 3,790
Consolidated net earnings	—	—	—	751	—	751
Dividends declared	—	—	—	(169)	—	(169)
Tax benefit on unallocated preferred stock dividends and options	—	—	17	—	—	17
Conversion of preferred stock and other	9	—	18	—	—	27
Net reduction in loan to ESOP	—	—	—	—	28	28
Stock option activity	—	1	15	—	—	16
January 31, 1998	280	73	196	3,930	(19)	4,460
Consolidated net earnings	—	—	—	935	—	935
Dividends declared	—	—	—	(182)	—	(182)
Tax benefit on unallocated preferred stock dividends and options	—	—	25	—	—	25
Conversion of preferred stock and other	(12)	—	37	—	—	25
Net reduction in loan to ESOP	—	—	—	—	19	19
Stock option activity	—	1	28	—	—	29
January 30, 1999	268	74	286	4,683	—	5,311
Consolidated net earnings	—	—	—	1,144	—	1,144
Dividends declared	—	—	—	(191)	—	(191)
Repurchase of stock	—	(1)	—	(580)	—	(581)
Issuance of stock for ESOP	—	—	81	—	—	81
Tax benefit on unallocated preferred stock dividends and options	—	—	29	—	—	29
Conversion of preferred stock	(268)	3	289	—	—	24
Stock option activity	—	—	45	—	—	45
January 29, 2000	$ —	$ 76	$ 730	$ 5,056	$ —	$ 5,862

*

All shares were issued in 1999 pursuant to the plan.

Options Outstanding

	Options					
	Total Outstanding		Currently Exercisable			
(shares in thousands)	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price	Performance Shares	Restricted Shares
February 1, 1997	14,610	$ 13.48	4,782	$ 10.88	1,264	311
Granted	2,653	33.63				
Canceled	(346)	15.02				
Exercised	(2,450)	10.27				
January 31, 1998	14,467	$ 17.69	4,860	$ 13.15	794	212
Granted	3,309	48.16				
Canceled	(173)	23.77				
Exercised	(2,023)	12.27				
January 30, 1999	15,580	$ 24.79	5,685	$ 16.49	519*	123*
Granted	1,906	67.63				
Canceled	(176)	34.91				
Exercised	(1,279)	14.03				
January 29, 2000	**16,031**	**$ 30.63**	**7,858**	**$ 20.46**	—	—

As of January 29, 2000, outstanding options had a weighted-average remaining contractual life of 7.2 years. The number of unissued common shares reserved for future grants under the stock option plans was 24,489,897 at January 29, 2000, and 4,136,969 at January 30, 1999.

We apply APB No. 25, "Accounting for Stock Issued to Employees," to account for our stock option and performance share plans. Because the exercise price of our employee stock options equals the market price of the underlying stock on the grant date, no compensation expense related to options is recognized. Performance share compensation expense was recognized based on the fair value of the shares at the end of each reporting period. If we had elected to recognize compensation cost based on the fair value of the options and performance shares at grant date as prescribed by SFASNo.123, "Accounting for Stock-Based Compensation," net earnings would have been the pro forma amounts shown below. EPS calculated under SFAS No. 123 would be $.03 lower than reported EPS in 1999 and unchanged from reported EPS in 1998 and 1997.

Pro Forma Earnings

(shares in thousands)	Shares Outstanding at January 29, 2000	Range of Exercise Price
	5,209	$ 9.97 – $15.00
	3,424	$15.00 – $25.00
	2,246	$25.00 – $35.00
	1,211	$35.00 – $45.00
	2,032	$45.00 – $55.00
	1,909	$55.00 – $68.69
Total	16,031	$ 9.97 – $68.69

The Black-Scholes method was used to estimate the fair value of the options at grant date based on the following factors:

(millions)	1999	1998	1997
Net earnings—as reported	**$ 1,144**	$ 935	$ 751
Net earnings—pro forma	**$ 1,132**	$ 934	$ 751

Pension and Postretirement Health Care Benefits

We have defined benefit pension plans that cover all employees who meet certain age, length of service and hours worked per year requirements. Benefits are provided based upon years of service and the employee's compensation. Retired employees also become eligible for certain health care benefits if they meet minimum age and service requirements and agree to contribute a portion of the cost.

In
1999, we adopted a change in the measurement date of our pension and postretirement health care benefits plans from December 31 to October 31. Prior periods have not been restated, as the impact of the change is not material.

Change in Benefit Obligation

	1999	1998	1997
Dividend yield	**.6%**	.7%	1.0%
Volatility	**30%**	30%	25%
Risk free interest rate	**6.6%**	4.6%	5.4%
Expected life in years	**5.6**	5.6	5.6
Weighted average fair value at grant date	**$ 25.81**	$ 16.24	$ 10.52

The
benefit obligation and fair value of plan assets, for the pension plans with benefit obligations in excess of plan assets, were $49 and $0 as of October 31, 1999, and $34 and $0 as of December 31, 1998.

Net Pension and Postretirement Health Care Benefits Expense

	Pension Benefits		Postretirement Health Care Benefits	
(millions)	**1999**	**1998**	**1999**	**1998**
Benefit obligation at beginning of measurement period	**$ 729**	$ 610	**$ 85**	$ 81
Service cost	**44**	35	**2**	1
Interest cost	**53**	45	**6**	6
Actuarial loss	**76**	65	**9**	5
Acquisitions	**—**	26	**—**	—
Benefits paid	**(40)**	(52)	**(8)**	(8)
Benefit obligation at end of measurement period	**$ 862**	$ 729	**$ 94**	$ 85
Change in Plan Assets				
Fair value of plan assets at beginning of measurement period	**$ 859**	$ 718	**$ —**	$ —
Actual return on plan assets	**62**	106	**—**	—
Employer contribution	**100**	59	**8**	8
Acquisitions	**—**	25	**—**	—
Benefits paid	**(39)**	(49)	**(8)**	(8)
Fair value of plan assets at end of measurement period	**$ 982**	$ 859	**$ —**	$ —
Reconciliation of Prepaid/(Accrued) Cost				
Funded status	**$ 120**	$ 130	**$ (94)**	$ (85)
Unrecognized actuarial loss/(gain)	**51**	(16)	**(7)**	(18)
Unrecognized prior service cost	**8**	2	**2**	3
Net prepaid/(accrued) cost	**$ 179**	$ 116	**$ (99)**	$ (100)

The
amortization of any prior service cost is determined using a straight-line amortization of the cost over the average remaining service period of employees expected to receive benefits under the plan.

Actuarial Assumptions

	Pension Benefits			Postretirement Health Care Benefits		
(millions)	**1999**	**1998**	**1997**	**1999**	**1998**	**1997**
Service cost benefits earned during the period	**$ 44**	$ 35	$ 27	**$ 2**	$ 1	$ 1
Interest cost on projected benefit obligation	**53**	45	39	**6**	6	6
Expected return on assets	**(72)**	(58)	(48)	**—**	—	—
Recognized gains and losses	**9**	3	—	**—**	(1)	(2)
Recognized prior service cost	**1**	—	1	**—**	—	1
Total	**$ 35**	$ 25	$ 19	**$ 8**	$ 6	$ 6

An
increase in the cost of covered health care benefits of 6 percent is assumed for 2000. The rate is assumed to remain at 6 percent in the future. The health care cost trend rate assumption has a significant effect on the amounts reported. A 1 percent change in assumed health care cost trend rates would have the following effects:

	Pension Benefits			Postretirement Health Care Benefits		
	1999	**1998**	**1997**	**1999**	**1998**	**1997**
Discount rate	**7 1/2%**	7%	7 1/4%	**7 1/2%**	7%	7 1/4%
Expected long-term rate of return on plans' assets	**9**	9	9	**n/a**	n/a	n/a
Average assumed rate of compensation increase	**4 1/2**	4	4 1/4	**n/a**	n/a	n/a

Employee Stock Ownership Plan

We sponsor a defined contribution employee benefit plan. Employees who meet certain eligibility requirements can participate by investing up to 20 percent of their compensation. We match 100 percent of each employee's contribution up to 5 percent of respective total compensation. Our contribution to the plan is invested in the ESOP. Through December 1998, ESOP preferred shares (401(k) preferred shares) were allocated to participants. In January 1999, we began providing new common shares to the ESOP to fund the employer match.

In
1989, we loaned $379 million to the ESOP at a 9 percent interest rate. Proceeds from the loan were then used by the ESOP to purchase 438,353 shares of 401(k) preferred shares. The original issue value of the 401(k) preferred shares of $864.60 per share was guaranteed by the Corporation. The loan was paid off during 1998 using dividends paid on all 401(k) preferred shares held by the ESOP. In January 2000, each 401(k) preferred share was converted into 60 shares of common stock.

Prior
to the conversion of all 401(k) preferred shares to common stock, we were required to exchange at fair value each 401(k) preferred share for 60 shares of common stock and cash, if any, upon a participant's termination. The 401(k) preferred shares were classified as shareholders' investment to the extent the preferred shares were permanent equity.

Dividends
earned on 401(k) preferred shares held by the ESOP were $19 million in both 1999 and 1998 and $21 million in 1997. The dividends on allocated 401(k) preferred shares were paid to participants' accounts in additional 401(k) preferred shares until June 1998. Dividends are now paid to participants in cash. Benefits expense was $78 million in 1999, $29 million in 1998 and $17 million in 1997.

Leases

Assets held under capital leases are included in property and equipment and are charged to depreciation and interest over the life of the lease. Operating leases are not capitalized and lease rentals are expensed. Rent expense on buildings, classified in selling, general and administrative expense, includes percentage rents that are based on a percentage of retail sales over stated levels. Total rent expense was $168 million, $150 million and $143 million in 1999, 1998 and 1997, respectively. Most of the long-term leases include options to renew, with terms varying from five to 30 years. Certain leases also include options to purchase the property.

Future
minimum lease payments required under noncancelable lease agreements existing at January 29, 2000, were:

Future Minimum Lease Payments

	1% Increase	1% Decrease
Effect on total of service and interest cost components of net periodic postretirement health care benefit cost	$ —	$ —
Effect on the health care component of the postretirement benefit obligation	$ 5	$ (4)

* Calculated using the interest rate at inception for each lease (the weighted average interest rate was 8.8 percent).

** Includes current portion of $10 million.

Owned and Leased Store Locations

At year end, owned, leased and "combined" (combination owned/leased) store locations by operating segment were as follows:

(millions)	**Operating Leases**	**Capital Leases**
2000	$ 113	$ 22
2001	105	21
2002	96	21
2003	80	19
2004	70	18
After 2004	634	124
Total future minimum lease payments	$ 1,098	$ 225
Less: interest*	(302)	(90)
Present value of minimum lease payments	$ 796	$ 135**

Income Taxes

Reconciliation of tax rates is as follows:

Percent of Earnings Before Income Taxes

	Owned	Leased	Combined	Total
Target	705	92	115	912
Mervyn's	160	68	39	267
Department Stores	51	12	1	64
Total	916	172	155	1,243

The components of the provision for income taxes were:

Income Tax Provision: Expense/(Benefit)

	1999	1998	1997
Federal statutory rate	**35.0%**	35.0%	35.0%
State income taxes, net of federal tax benefit	**3.9**	4.5	4.5
Dividends on ESOP stock	**(.4)**	(.5)	(.5)
Work opportunity tax credits	**(.2)**	(.2)	(.1)
Inventory shortage tax matter	**—**	(1.3)	—
Other	**.5**	.7	.6
Effective tax rate	**38.8%**	38.2%	39.5%

The components of the net deferred tax asset/(liability) were:

Net Deferred Tax Asset/(Liability)

(millions)	1999	1998	1997
Current:			
Federal	**$ 570**	$ 497	$ 488
State	**106**	110	99
	676	607	587
Deferred:			
Federal	**63**	(10)	(55)
State	**12**	(3)	(8)
	75	(13)	(63)
Total	**$ 751**	$ 594	$ 524

Inventory Shortage Tax Matter

In 1998, we received a favorable ruling from the United States Court of Appeals on a 1983 case related to the deductibility of accrued inventory shortage expense. The beneficial effect resulting from the outcome of the case was $20 million ($.04 per share) and was reflected as a reduction in the 1998 effective income tax rate. This issue has been settled for all years.

Acquisitions

In 1998, we acquired The Associated Merchandising Corporation, an international sourcing company that provides services to our operating divisions and other retailers, and we also acquired Rivertown Trading Company, a direct marketing firm. Both subsidiaries are included in the consolidated financial statements. Their revenues and operating results are included in "other" in revenues and in our pre-tax earnings reconciliation on page 37 and were immaterial in 1999 and 1998.

Commitments and Contingencies

Commitments for the purchase, construction, lease or remodeling of real estate, facilities and equipment were approximately $534 million at year-end 1999. We are exposed to claims and litigation arising out of the ordinary course of business. Management, after consulting with legal counsel, believes the currently identified claims and litigation will not have a material adverse effect on our results of operations or our financial condition taken as a whole.

Quarterly Results (Unaudited)

The same accounting policies are followed in preparing quarterly financial data as are followed in preparing annual data. The table below summarizes results by quarter for 1999 and 1998:

(millions)	January 29, 2000	January 30, 1999
Gross deferred tax assets:		
Self-insured benefits	**$ 146**	$ 132
Deferred compensation	**130**	128
Inventory	**84**	72
Valuation allowance	**63**	64
Postretirement health care obligation	**41**	42
Other	**106**	132
	570	570
Gross deferred tax liabilities:		
Property and equipment	**(408)**	(374)
Other	**(104)**	(63)
	(512)	(437)
Total	**$ 58**	$ 133

(a) Gross margin is sales less cost of sales. The LIFO provision, included in gross margin, is analyzed each quarter for estimated changes in year-end inventory levels, markup rates and internally generated retail price indices. A final adjustment is recorded in the fourth quarter for the difference between the prior quarters' estimates and the actual total year LIFO provision.

(b) In 1999, second, third and fourth quarter net earnings include extraordinary charges, net of tax, related to the purchase and redemption of debt of $4 million, $9 million and $28 million ($.01, $.02 and $.06 per basic and diluted share), respectively. In 1998, first, third and fourth quarter net earnings include extraordinary charges, net of tax of $2 million, $1 million and $24 million ($.01, $.00 and $.05 per basic and diluted share), respectively.

(c) Third quarter and total year 1999 net earnings before extraordinary charges, net earnings and earnings per share include a mainframe outsourcing pre-tax charge of $5 million ($.01 per share). Fourth quarter and total year 1998 net earnings before extraordinary charges, net earnings and earnings per share include a mainframe outsourcing pre-tax charge of $42 million ($.06 per basic and diluted share) and the beneficial effect of $20 million ($.04 per basic and diluted share) of the favorable outcome of our inventory shortage tax matter.

(d) Third quarter 1998 net earnings include a $3 million securitization pre-tax net loss (less than $.01 per basic and diluted share).

(e) Per share amounts are computed independently for each of the quarters presented. The sum of the quarters may not equal the total year amount due to the impact of changes in average quarterly shares outstanding and/or rounding caused by the 1998 two-for-one common share split.

(f) Our common stock is listed on the New York Stock Exchange and Pacific Exchange. At March 17, 2000, there were 13,883 shareholders of record and the common stock price was $69.50 per share.

summary financial and operating data (unaudited)

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Total Year	
(millions, except per share data)	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998
Total revenues	**$ 7,158**	6,402	**$ 7,687**	6,987	**$ 7,927**	7,218	**$ 10,930**	10,055	**$ 33,702**	30,662
Gross margin (a)	**$ 2,182**	1,924	**$ 2,376**	2,097	**$ 2,441**	2,172	**$ 3,184**	2,925	**$ 10,183**	9,118
Net earnings before extraordinary charges (c)(d)	**$ 194**	160	**$ 228**	172	**$ 241**	183	**$ 522**	447	**$ 1,185**	962
Net earnings (b)(c)(d)	**$ 194**	158	**$ 224**	172	**$ 232**	182	**$ 494**	423	**$ 1,144**	935
Basic earnings per share (b)(c)(d)(e)	**$ .43**	.35	**$ .50**	.38	**$ .52**	.40	**$ 1.11**	.95	**$ 2.55**	2.08
Diluted earnings per share (b)(c)(d)(e)	**$ .41**	.33	**$ .48**	.36	**$ .50**	.39	**$ 1.06**	.90	**$ 2.45**	1.98
Dividends declared per share (e)	**$ .10**	.09	**$ .10**	.09	**$ .10**	.09	**$ .10**	.09	**$ .40**	.36
Common stock price (f)										
High	**$ 75.75**	44.81	**$ 72.44**	52.63	**$ 69.50**	48.25	**$ 75.00**	63.75	**$ 75.75**	63.75
Low	**$ 58.75**	36.25	**$ 57.94**	42.50	**$ 55.25**	33.75	**$ 60.75**	42.69	**$ 55.25**	33.75

(a)

(a) Consisted of 53 weeks.

(b) Earnings per share, dividends per share and common shares outstanding reflect our 1998 two-for-one common share split and our 1996 three-for-one common share split.

(c) Extraordinary charges, net of tax, related to the purchase and redemption of debt were $41 million ($.09 per share) in 1999, $27 million ($.06 per share) in 1998, $51 million ($.11 per share) in 1997 and $11 million ($.02 per share) in 1996.

(d) 1999 includes a mainframe outsourcing pre-tax charge of $5 million ($.01 per share). 1998 included a mainframe outsourcing pre-tax charge of $42 million ($.06 per share) and the beneficial effect of $20 million ($.04 per share) of the favorable outcome of our inventory shortage tax matter. 1996 included a real estate repositioning pre-tax charge of $134 million ($.18 per share).

(e) 1998 included a $3 million pre-tax net loss (less than $.01 per share) related to securitization maturity and sale transactions. 1997 included a $45 million pre-tax gain ($.06 per share) related to securitization sale transactions.

The Summary Financial and Operating Data should be read in conjunction with the Notes to Consolidated Financial Statements throughout pages 24-37.

Business Segment Comparisons

(dollars in millions, exept per share data)	1999	1998	1997	1996	1995(a)	1994
Results of operations						
Total revenues	$ **33,702**	30,662	27,487	25,092	23,234	21,093
Net earnings (c)(d)(e)	$ **1,144**	935	751	463	311	434
Financial position data						
Total assets	$ **17,143**	15,666	14,191	13,389	12,570	11,697
Long-term debt	$ **4,521**	4,452	4,425	4,808	4,959	4,488
Per common share data (b)						
Diluted earnings per share (c) (d) (e)	$ **2.45**	1.98	1.59	.97	.65	.92
Cash dividend declared	$ **.40**	.36	.33	.32	.30	.28
Other data						
Weighted average common shares outstanding (b)	**441.3**	440.0	436.1	433.3	431.0	429.6
Diluted average common shares outstanding (b)	**465.7**	467.3	463.7	460.9	458.3	457.4
Capital expenditures	$ **1,918**	1,657	1,354	1,301	1,522	1,095
Number of stores: Target	**912**	851	796	736	670	611
Mervyn's	**267**	268	269	300	295	286
Department Stores	**64**	63	65	65	64	63
Total stores	**1,243**	1,182	1,130	1,101	1,029	960
Total retail square footage (thousands)	**138,640**	130,172	123,058	117,989	109,091	101,163
Number of employees	**281,000**	256,000	230,000	218,000	214,000	194,000

Each operating segment's assets and operating results include the retained securitized receivables held by Target Receivables Corporation and Retailers National Bank, as well as related income and expense.

* Consisted of 53 weeks

** Net assets represent total assets (including sold securitized receivables) less non-interest bearing current liabilities.

Report of Independent Auditors

Board of Directors and Shareholders

Target Corporation

We have audited the accompanying consolidated statements of financial position of Target Corporation and subsidiaries as of January 29, 2000 and January 30, 1999 and the related consolidated results of operations, cash flows and shareholders' investment for each of the three years in the period ended January 29, 2000. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 consolidated financial position of Target Corporation and subsidiaries at January 29, 2000 and January 30, 1999 and the consolidated results of their operations and their cash flows for each of the three years in the period ended January 29, 2000 in conformity with accounting principles generally accepted in the United States.

(millions)	1999	1998	1997	1996	1995*	1994
Revenues						
Target	$ **26,080**	$ 23,014	$ 20,298	$ 17,810	$ 15,752	$ 13,574
Mervyn's	**4,099**	4,150	4,219	4,350	4,491	4,565
Department Stores	**3,074**	3,064	2,970	2,932	2,991	2,954
Other	**449**	434	—	—	—	—
Total revenues	$ **33,702**	$ 30,662	$ 27,487	$ 25,092	$ 23,234	$ 21,093
Pre-tax segment profit and earnings reconciliation						
Target	$ **2,022**	$ 1,578	$ 1,287	$ 1,048	$ 721	$ 732
Mervyn's	**205**	240	280	272	117	198
Department Stores	**296**	279	240	151	192	259
Total pre-tax segment profit	$ **2,523**	$ 2,097	$ 1,807	$ 1,471	$ 1,030	$ 1,189
LIFO provision credit/(expense)	**7**	18	(6)	(9)	(17)	19
Securitization adjustments:						
Gain/(loss)	**—**	(3)	45	—	—	—
Interest equivalent	**(49)**	(48)	(33)	(25)	(10)	—
Interest expense	**(393)**	(398)	(416)	(442)	(442)	(426)
Mainframe outsourcing	**(5)**	(42)	—	—	—	—
Real estate repositioning	**—**	—	—	(134)	—	—
Other	**(147)**	(68)	(71)	(78)	(60)	(68)
Earnings before income taxes and extraordinary charges	$ **1,936**	$ 1,556	$ 1,326	$ 783	$ 501	$ 714
Assets						
Target	$ **12,048**	$ 10,475	$ 9,487	$ 8,257	$ 7,330	$ 6,247
Mervyn's	**2,248**	2,339	2,281	2,658	2,776	2,917
Department Stores	**2,149**	2,123	2,188	2,296	2,309	2,392

Other	**698**	729	235	178	155	141
Total assets	**$ 17,143**	$ 15,666	$ 14,191	$ 13,389	$ 12,570	$ 11,697
Depreciation and amortization						
Target	**$ 567**	$ 496	$ 437	$ 377	$ 328	$ 294
Mervyn's	**138**	138	126	151	150	145
Department Stores	**133**	135	128	119	113	108
Other	**16**	11	2	3	3	1
Total depreciation and amortization	**$ 854**	$ 780	$ 693	$ 650	$ 594	$ 548
Capital expenditures						
Target	**$ 1,665**	$ 1,352	$ 1,155	$ 1,048	$ 1,067	$ 842
Mervyn's	**108**	169	72	79	273	146
Department Stores	**124**	127	124	173	161	96
Other	**21**	9	3	1	21	11
Total capital expenditures	**$ 1,918**	$ 1,657	$ 1,354	$ 1,301	$ 1,522	$ 1,095
Segment EBITDA						
Target	**$ 2,589**	$ 2,074	$ 1,724	$ 1,425	$ 1,049	$ 1,026
Mervyn's	**343**	378	406	423	267	343
Department Stores	**429**	414	368	270	305	367
Total segment EBITDA	**$ 3,361**	$ 2,866	$ 2,498	$ 2,118	$ 1,621	$ 1,736
Net assets**						
Target	**$ 8,413**	$ 7,302	$ 6,602	$ 5,711	$ 5,109	$ 4,269
Mervyn's	**1,908**	2,017	2,019	2,268	2,484	2,363
Department Stores	**1,795**	1,785	1,896	1,879	1,940	1,812
Other	**428**	514	169	53	96	72
Total net assets	**$ 12,544**	$ 11,618	$ 10,686	$ 9,911	$ 9,629	$ 8,516

Report of Management

Management is responsible for the consistency, integrity and presentation of the information in the Annual Report. The consolidated financial statements and other information presented in this Annual Report have been prepared in accordance with accounting principles generally accepted in the United States and include necessary judgments and estimates by management.

To fulfill our responsibility, we maintain comprehensive systems of internal control designed to provide reasonable assurance that assets are safeguarded and transactions are executed in accordance with established procedures. The concept of reasonable assurance is based upon a recognition that the cost of the controls should not exceed the benefit derived. We believe our systems of internal control provide this reasonable assurance.

The Board of Directors exercises its oversight role with respect to the Corporation's systems of internal control primarily through its Audit Committee, which is comprised of five independent directors. The Committee oversees the Corporation's systems of internal control, accounting practices, financial reporting and audits to assess whether their quality, integrity and objectivity are sufficient to protect shareholders' investments. The Committee's report appears on this page.

In addition, our consolidated financial statements have been audited by Ernst & Young LLP, independent auditors, whose report also appears on this page. As a part of its audit, Ernst & Young LLP develops and maintains an understanding of the Corporation's internal accounting controls and conducts such tests and employs such procedures as it considers necessary to render its opinion on the consolidated financial statements. Their report expresses an opinion as to the fair presentation, in all material respects, of the consolidated financial statements and is based on independent audits made in accordance with auditing standards generally accepted in the United States.

/s/ Ernst & Young LLP

Minneapolis, Minnesota
February 28, 2000

Report of Audit Committee

The Audit Committee met two times during fiscal 1999 to review the overall audit scope, plans for internal and independent audits, the Corporation's systems of internal control, emerging accounting issues, officer and director expenses, audit fees and retirement plans. The Committee also met individually with the independent auditors, without management present, to discuss the results of their audits. The Committee encourages the internal and independent auditors to communicate closely with the Committee.

Audit Committee results were reported to the full Board of Directors and the Corporation's annual financial statements were reviewed and approved by the Board of Directors before issuance. The Audit Committee also recommended to the Board of Directors that the independent auditors be reappointed for fiscal 2000, subject to the approval of the shareholders at the annual meeting.

February 28, 2000

QuickLinks

Exhibit (21)

Target Corporation

(A Minnesota Corporation)

List of Subsidiaries

(As of April 1, 2000)

/s/ Bob Ulrich	/s/ Douglas A. Scovanner
Robert J. Ulrich	Douglas A. Scovanner
Chairman of the Board and	Executive Vice President and
Chief Executive Officer	Chief Financial Officer
February 28, 2000	

Consent of Independent Auditors

We consent to the incorporation by reference in the Annual Report (Form 10-K) of Target Corporation of our report dated February 28, 2000, included in the 1999 Annual Report to Shareholders of Target Corporation.

We also consent to the incorporation by reference in Registration Statement Number 333-65347 on Form S-3 and Registration Statement Numbers 33-6918, 33-64013, 333-30311, 333-27435 and 333-86373 on Form S-8 of our report dated February 28, 2000, with respect to the consolidated financial statements incorporated by reference in this Annual Report (Form 10-K) of Target Corporation.

The Associated Merchandising Corporation (NY)
Bullseye Corporation (DE)
Cahill & Company, Inc. (MN)
Daily Planet Company (MN)
Dayton Credit Company (MN)
Dayton Development Company (MN)
Dayton's Commercial Interiors, Inc.
Dayton's Iron Horse Liquors, Inc.
Eighth Street Development Company (MN)
Highbridge Company (MN)
Highbridge Music Company (MN)
Hometown America Company (MN)
Marshall Field Stores, Inc. (DE)
Marshall Field's Chicago, Inc. (DE)
Mervyn's Brands, Inc.
Mervyn's (CA)
Mervyn's, Inc. (DE)
Northern Creations Company (MN)
Northern Fulfillment Services Company (MN)
Retail Properties, Inc. (DE)
Retailer's National Bank, N.A.
RiverCrossings Company (MN)
Rivertown Trading Company (MN)
Rooftop, Inc. (MN)
RTC Holding, Inc. (MN)
STL of Nebraska, Inc. (MN)
Target Brands, Inc. (MN)
Target Capital Corporation (MN)
Target Connect, Inc. (MN)
Target Foundation (a MN non-for-profit organization)
Target Insurance Agency, Inc. (MN)
Target Receivables Corporation (MN)
Target Services, Inc. (MN)
Target Stores, Inc. (MN)

Minneapolis,
Minnesota

April 10, 2000

Exhibit (24)

TARGET CORPORATION

Power of Attorney

of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of TARGET CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended January 29, 2000, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan (formerly referred to as the "Supplemental Retirement, Savings, and Employee Stock Ownership Plan") and similar plans pursuant to Section 15(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Form 3, Form 4 or Form 5 pursuant to Section 16(a) of the 1934 Act and all amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

The undersigned also grants to said attorneys-in-fact, and each of them, full power and authority to do and perform any and all acts necessary or incidental to the performance and execution of the powers herein expressly granted. This Power of Attorney shall remain in effect until revoked in writing by the undersigned.

IN WITNESS WHEREOF, the undersigned has signed below as of this 2nd day of March, 2000.

/s/ ERNST & YOUNG LLP

IN WITNESS WHEREOF, the undersigned has signed below as of this 29th day of February, 2000.

/s/ L. DESIMONE

Livio D. DeSimone

IN WITNESS WHEREOF, the undersigned has signed below as of this 8th day of March, 2000.

/s/ ROGER A. ENRICO

Roger A. Enrico

IN WITNESS WHEREOF, the undersigned has signed below as of this 1st day of March, 2000.

/s/ WILLIAM W. GEORGE

William W. George

IN WITNESS WHEREOF, the undersigned has signed below as of this 29th day of February, 2000.

/s/ MICHELE J. HOOPER

Michele J. Hooper

IN WITNESS WHEREOF, the undersigned has signed below as of this 28th day of February, 2000.

/s/ JAMES A. JOHNSON

James A. Johnson

IN WITNESS WHEREOF, the undersigned has signed below as of this 29th day of February, 2000.

/s/ R. M. KOVACEVICH

Richard M. Kovacevich

IN WITNESS WHEREOF, the undersigned has signed below as of this 28th day of February, 2000.

/s/ SUSAN A. MCLAUGHLIN

Susan A. McLaughlin

IN WITNESS WHEREOF, the undersigned has signed below as of this 28th day of February, 2000.

/s/ ANNE M. MULCAHY

Anne M. Mulcahy

IN WITNESS WHEREOF, the undersigned has signed below as of this 2nd day of March, 2000.

/s/ S. W. SANGER

Stephen W. Sanger

IN WITNESS WHEREOF, the undersigned has signed below as of this 3rd day of March, 2000.

/s/ G. W. TAMKE

George W. Tamke

IN WITNESS WHEREOF, the undersigned has signed below as of this 29th day of February, 2000.

/s/ SOLOMON D. TRUJILLO

Solomon D. Trujillo

5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM TARGET CORPORATION'S FORM 10-K FOR THE YEAR ENDED JANUARY 29, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000,000

YEAR
JAN-29-2000
JAN-31-1999
JAN-29-2000
220
0
1837
0
3798
6483
13824
3925
17143
5850
4521
0
0
76
5786
17143
33212
33702
23029
23029
854
0
393
1936
751
1185
0
41
0
1144
2.55
2.45

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM TARGET CORPORATION'S FORMS 10K FOR THE YEARS ENDED JANUARY 30, 1999 AND JANUARY 31, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000,000

YEAR	YEAR
JAN-30-1999	JAN-31-1998
FEB-01-1998	FEB-02-1997
JAN-30-1999	JAN-31-1998
255	211
0	0
1656	1555
0	0
3475	3251
6005	5561
12737	11513
3768	3388
15666	14191
5057	4556
4452	4425
24	30
0	0
74	73
5237	4387
15666	14191
30203	27019
30662	27487
21085	18944
21085	18944
780	693
0	0
398	416
1556	1326
594	524
962	802
0	0
27	51
0	0
935	751
2.08	1.68
1.98	1.59

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM TARGET CORPORATION'S FORMS 10Q FOR THE QUARTERS ENDED MAY 1, 1999, JULY 31, 1999 AND OCTOBER 30, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000,000

3-MOS	6-MOS	9-MOS
JAN-29-2000	JAN-29-2000	JAN-29-2000
JAN-31-1999	JAN-31-1999	JAN-31-1999
MAY-01-1999	JUL-31-1999	OCT-30-1999
246	238	246
0	0	0
1360	1363	1479
0	0	0
3779	3973	4757
6077	6229	7104
12925	13213	13641
3796	3805	3875
15986	16415	17622
4461	4859	5970
5216	5178	5263
10	6	3
0	0	0
74	73	73
5350	5411	5429
15986	16415	17622
7033	14602	22408
7158	14845	22772
4851	10044	15409
4851	10044	15409
206	418	631
0	0	0
94	192	294
317	691	1083
123	269	420
194	422	663
0	0	0
0	4	13
0	0	0
194	418	650
.43	.93	1.44
.41	.89	1.39

5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM TARGET
CORPORATIONS FORMS 10Q FOR THE QUARTERS ENDED MAY 2, 1998, AUGUST 1, 1998 AND
COTOBER 31, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL
STATEMENTS.

1,000,000

3-MOS	6-MOS	9-MOS
JAN-30-1999	JAN-30-1999	JAN-30-1999
FEB-01-1998	FEB-01-1998	FEB-01-1998
MAY-02-1998	AUG-01-1998	OCT-31-1998
249	237	239
0	0	0
1351	1295	1357
0	0	0
3569	3697	4669
5792	6155	6942
11847	12240	12624
3527	3676	3823
14720	15308	16430
4608	4665	5567
4760	5132	5166
24	20	28
0	0	0
73	73	73
4524	4668	4812
14720	15308	16430
6290	13163	20268
6402	13389	20607
4366	9142	14075
4366	9142	14075
184	377	577
0	0	0
96	197	301
265	549	851
105	217	336
160	332	515
0	0	0
2	2	3
0	0	0
158	330	512
.35	.73	1.13
.33	.69	1.08

CAUTIONARY STATEMENTS RELATING TO FORWARD-LOOKING INFORMATION.

The Company and its representatives may, from time to time, make written or verbal forward-looking statements. Those statements relate to developments, results, conditions or other events the Company expects or anticipates will occur in the future. Without limiting the foregoing, those statements may relate to future revenues, earnings, store openings, market conditions, new strategies and the competitive environment. Forward-looking statements are based on management's then current views and assumptions and, as a result, are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected.

Any such forward-looking statements are qualified by the following which contain certain of the important factors that could cause actual results to differ materially from those predicted by the forward-looking statements:

Competitive Pressures

The retail business is highly competitive. Each of our operations competes for customers, employees, locations, products, services and other important aspects of its business with many other local, regional and national retailers. Those competitors, some of which have a greater market presence than the Company, include traditional and off-price store-based retailers, Internet and catalog businesses, drug stores, entertainment and travel providers and other forms of retail commerce. Unanticipated changes in the pricing and other practices of those competitors may impact our expected results.

Consumer Trends

It is difficult to predict what merchandise consumers will demand, particularly merchandise that is trend driven. A substantial part of our business is dependent on our ability to make trend right decisions for a wide variety of goods and services. Failure to accurately predict constantly changing consumer tastes, preferences, spending patterns and other lifestyle decisions could adversely affect short term results and long term relationships with our guests.

Credit Operations

The Company's credit operations facilitate sales in our stores and generate additional revenue from fees related to extending credit. Our ability to extend credit to our guests depends on many factors including compliance with federal and state banking and consumer protection laws, any of which may change from time to time. In addition, changes in credit card use, payment patterns and default rates may result from a variety of economic, legal, social and other factors that we

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cannot control or predict with certainty. Changes that adversely impact our ability to extend credit and collect payments could negatively affect our results.

General Economic Conditions

General economic factors that are beyond our control impact the Company's forecasts and actual performance. These factors include interest rates, recession, inflation, deflation, consumer credit availability, consumer debt levels, tax rates and policy, unemployment trends and other matters that influence consumer confidence and spending. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude.

Labor Conditions

The Company's performance is dependent on attracting and retaining a large and growing number of quality team members. Many of those team members are in entry level or part time positions with historically high rates of turnover. Our ability to meet our labor needs while controlling our costs is subject to external factors such as unemployment levels, minimum wage legislation and changing demographics.

Product Sourcing

The products we sell are sourced from a wide variety of domestic and international vendors. All of our vendors must comply with applicable laws and our required standards of conduct. Our ability to find qualified vendors and access products in a timely and efficient manner is a significant challenge which is typically even more difficult with respect to goods sourced outside the United States. Political or financial instability, trade restrictions, tariffs, currency exchange rates, transport capacity and costs and other factors relating to foreign trade are beyond our control and could impact our business.

Year 2000 Date Conversion

Our business may be adversely affected by the inability of information systems and other technology to function properly using dates after December 31, 1999. To date, we have not experienced any significant issues associated with date rollover, but the scope of this issue is difficult to predict with certainty and there can be no assurance that we, our business partners, banks, public utilities and others whose goods or services support the retail environment will not experience related problems. Unanticipated systems failures could result in higher costs and business interruptions that could have a material, adverse impact on our future operations, earnings and financial condition.

Other Factors

Other factors that could cause actual results to differ materially from those predicted include: weather, changes in the availability or cost of capital, the availability of suitable new store locations on acceptable terms, shifts in the seasonality of shopping patterns, labor strikes or other work interruptions, the impact of excess retail capacity in our markets, material acquisitions or dispositions, the success or failure of significant new business ventures, adverse results in material litigation, natural disasters, the outbreak of war or other significant national or international events.

The foregoing list of important factors is not exclusive and the Company does not undertake to revise any forward-looking statement to reflect events or circumstances that occur after the date the statement is made.

/s/ BOB ULRICH

Bob Ulrich