UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended January 31, 2004

OR

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

For the Transition period from _______________ to _______________

Commission File Number 1-6049

TARGET CORPORATION

(Exact name of registrant as specified in its charter)

Minnesota (State or other jurisdiction of incorporation or organization)	**41-0215170** (I.R.S. Employer Identification No.)
1000 Nicollet Mall, Minneapolis, Minnesota (Address of principal executive offices)	**55403** (Zip Code)

Registrant's telephone number, including area code: 612/304-6073

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

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $.0833 per share	New York Stock Exchange Pacific Exchange
Preferred Share Purchase Rights	New York Stock Exchange Pacific Exchange

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. /x/

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes _X_ No ________________

Aggregate market value of the voting stock held by non-affiliates of the Registrant on August 2, 2003 was $34,626,079,169, based on the closing price of $38.01 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 22, 2004: 913,038,837 shares of Common Stock, par value $.0833.

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of Registrant's 2003 Annual Report to Shareholders are incorporated into Parts I, II and IV.

2. Portions of Registrant's Proxy Statement filed on April 5, 2004 are incorporated into Part III. (The Report of the Compensation Committee, the Report of the Audit Committee and the stock performance graph contained in the Registrant's Proxy Statement are expressly not incorporated by reference in this Form 10-K.)

PART I

Item 1. Business.

The first two paragraphs of Analysis of Operations, Page 17; Analysis of Financial Condition, Pages 22-23; Performance Objectives, Page 24; Credit Card Operations, Pages 19-20; first textual paragraph of Summary of Accounting Policies—Organization, Page 30; Business Segment Comparisons, excluding years 1998-2000, Page 38; Quarterly Results (Unaudited), Page 39; the number of stores by state, Pages 16 and 39; and the information relating to total stores on the inside front cover under Financial Highlights, excluding years 1999-2000, of Registrant's 2003 Annual Report to Shareholders are incorporated herein by reference. The Registrant was incorporated in Minnesota in 1902. At the end of fiscal 2003, Registrant employed approximately 328,000 people, including 273,000 at Target Stores, 29,000 at Mervyn's and 25,000 at Marshall Field's.

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, grocery 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.

Available Information

The Registrant's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available free of charge at www.target.com (click on "Company," "Target Corporation," "Investor Information" and "Financial Reports and Filings") as soon as reasonably practicable after we file such material with, or furnish it to, the SEC. The Registrant's Corporate Governance Profile, Business Conduct Guide and the position descriptions for the Registrant's Board of Directors and Board committees are also available free of charge in print upon request or at www.target.com (click on "Company," "Target Corporation," "Investor Information" and "Corporate Governance").

Item 2. Properties.

Leases, Page 34; Owned and Leased Store Locations, Page 23; and the number of stores by state, Pages 16 and 39 of Registrant's 2003 Annual Report to Shareholders are incorporated herein by reference.

Item 3. Legal Proceedings.

Commitments and Contingencies, Pages 32-33, of Registrant's 2003 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 March 22, 2004 and their positions and ages, are as follows:

Name	Title	Age
Robert J. Ulrich	Chairman of the Board, Chief Executive Officer, Chairman of the Executive Committee and Director of Registrant; Chairman and Chief	60

	Executive Officer of Target Stores (a division of Registrant)	
Linda L. Ahlers	President of Marshall Field's (a division of Registrant)	53
Todd V. Blackwell	Executive Vice President, Human Resources and Assets Protection of Registrant and Chairman of the Board of The Associated Merchandising Corporation (a subsidiary of Registrant)	42
Bart Butzer	Executive Vice President, Stores of Target Stores	47
Michael R. Francis	Executive Vice President, Marketing of Registrant	41
John D. Griffith	Senior Vice President, Property Development of Registrant	42
James T. Hale	Executive Vice President, General Counsel and Corporate Secretary of Registrant (retiring effective June 2004)	63
Diane L. Neal	President of Mervyn's	47
Luis Padilla	Executive Vice President, Merchandising of Marshall Field's	49
Douglas A. Scovanner	Executive Vice President and Chief Financial Officer of Registrant	48
Paul L. Singer	Senior Vice President, Technology Services and Chief Information Officer of Registrant	50
Gregg W. Steinhafel	President of Target Stores	49
Gerald L. Storch	Vice Chairman of Registrant	47
Ertugrul Tuzcu	Executive Vice President, Store Operations of Marshall Field's	51

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 March 22, 2004 is set forth below.

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

Linda L. Ahlers President of Marshall Field's since March 1996 and Executive Vice President, Merchandising of Marshall Field's from August 1995 to March 1996.

Todd V. Blackwell Executive Vice President, Human Resources and Assets Protection of Registrant and Chairman of the Board of The Associated Merchandising Corporation since February 2003. Senior Vice President, Human Resources of Registrant from September 2000 to February 2003. Senior Vice President, Stores of Mervyn's from December 1998 to September 2000 and Regional Vice President, Stores of Mervyn's from August 1995 to December 1998.

Bart Butzer Executive Vice President, Stores of Target Stores since April 2001. President of Mervyn's from March 1997 to April 2001. Regional Senior Vice President of Target Stores from October 1991 to March 1997.

Michael R. Francis Executive Vice President, Marketing of Registrant since February 2003. Senior Vice President, Marketing of Registrant from January 2001 to February 2003. Senior Vice President, Marketing and Visual Merchandising of Marshall Field's from April 1996 to January 2001 and Senior Vice President, Marketing of Marshall Field's from January 1995 to April 1996.

John D. Griffith Senior Vice President, Property Development of Registrant since February 2000 and Vice President, Construction of Registrant from January 1999 to February 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 March 1981 to March 2000.

Diane L. Neal President of Mervyn's since April 2001, Divisional Merchandise Manager of Target Stores from February 2001 to April 2001, Director, Merchandise Planning of Target Stores from March 1999 to February 2001, and Director, Sourcing for The Associated Merchandising Corporation, a subsidiary of Registrant, from April 1997 to March 1999.

Luis Padilla Executive Vice President, Merchandising of Marshall Field's since July 2001 and Senior Vice President, Merchandising, Softlines of Target Stores from July 1994 to July 2001.

Douglas A. Scovanner Executive Vice President and Chief Financial Officer of Registrant since February 2000 and Senior Vice President and Chief Financial Officer of Registrant from June 1994 to February 2000.

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 February 1999 to April 2000 and Vice President, Information Services of Registrant from October 1993 to February 1999.

Gregg W. Steinhafel President of Target Stores since August 1999 and Executive Vice President of Target Stores from July 1994 to August 1999.

Gerald L. Storch Vice Chairman of Registrant since January 2001, President, Financial Services and New Businesses of Registrant from May 1998 to January 2001, President, Credit and Senior Vice President, Strategic Business Development of Registrant from May 1997 to May 1998 and Senior Vice President of Registrant from April 1993 to May 1997.

Ertugrul Tuzcu Executive Vice President, Store Operations of Marshall Field's since March 1996. Senior Vice President of Marshall Field's from August 1995 to March 1996.

PART II

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

Dividends declared per share and Closing common stock price, Page 39, of Registrant's 2003 Annual Report to Shareholders are incorporated herein by reference.

Item 6. Selected Financial Data.

Per Common Share Data on the inside front cover under Financial Highlights; and Total revenues, Earnings before income taxes, Total assets and Long-term debt, excluding 1998 information, Page 38, of Registrant's 2003 Annual Report to Shareholders are incorporated herein by reference.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Management's Discussion and Analysis, Pages 17-25; Payments Due by Period—Operating leases, Page 23; and the second textual paragraph of Pension and Postretirement Health Care Benefits—Assumptions, Page 37, of Registrant's 2003 Annual Report to Shareholders are incorporated herein by reference.

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

Market Risk, Page 23; and Derivatives, Pages 33-34 of Registrant's 2003 Annual Report to Shareholders are incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data.

Pages 26-39, excluding years 1998-2000 on Page 38 and excluding the map information related to store count on Page 39; and the Report of Independent Auditors, Page 40, of Registrant's 2003 Annual Report to Shareholders are incorporated herein by reference.

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

Not Applicable.

Item 9a. Controls and Procedures.

As of the end of the period covered by this annual report, the Registrant conducted an evaluation, under supervision and with the participation of management, including the chief executive officer and chief financial officer, of the effectiveness of the design and operation of Registrant's disclosure controls and procedures pursuant to Rules 13a-15 and 15d-15 of the Securities Exchange Act of 1934, as amended ("Exchange Act"). Based upon that evaluation, Registrant's chief executive officer and chief financial officer concluded that Registrant's disclosure controls and procedures are effective. Disclosure controls and procedures are defined by Rules 13a-15(e) and 15d-15(e) of the Exchange Act as controls and other procedures that are designed to ensure that information required to be disclosed by us in reports filed with the Securities and Exchange Commission ("SEC") under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

There have been no significant changes (including corrective actions with regard to significant deficiencies or material weaknesses) in Registrant's internal control over financial reporting or in other factors that could significantly affect internal control over financial reporting subsequent to the evaluation date.

PART III

Certain information required by Part III is incorporated by reference from Registrant's definitive Proxy Statement filed on April 5, 2004. Except for those portions specifically incorporated in this Form 10-K by reference to Registrant's Proxy Statement, no other portions of the Proxy Statement are deemed to be filed as part of this Form 10-K.

Item 10. Directors and Executive Officers of the Registrant.

Election of Directors, Pages 5-13; Audit Committee, Page 12; Section 16(a) Beneficial Ownership Reporting Compliance, Page 40; and Business Ethics and Conduct, Pages 39-40, of Registrant's Proxy Statement filed on April 5, 2004, are incorporated herein by reference. See also Item X of Part I hereof.

Item 11. Executive Compensation.

Executive Compensation, Pages 15-22; and Director Compensation, Page 9, of Registrant's Proxy Statement filed on April 5, 2004, are incorporated herein by reference.

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

Equity Compensation Plan Information, Page 38; Largest Owners of Registrant's Shares, Page 14; and Share Ownership of Directors and Officers, Pages 13-14, of Registrant's Proxy Statement filed on April 5, 2004, are incorporated by reference.

Item 13. Certain Relationships and Related Transactions.

Not Applicable.

Item 14. Principal Accounting Fees and Services.

Audit and Non-audit Fees, Pages 27-28, of Registrant's Proxy Statement filed on April 5, 2004, is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

a) **Financial Statements**

Consolidated Results of Operations for the Years Ended January 31, 2004, February 1, 2003 and February 2, 2002.

Consolidated Statements of Financial Position at January 31, 2004 and February 1, 2003.

Consolidated Statements of Cash Flows for the Years Ended January 31, 2004, February 1, 2003 and February 2, 2002.

Consolidated Statements of Shareholders' Investment for the Years Ended January 31, 2004, February 1, 2003 and February 2, 2002.

Notes to Consolidated Financial Statements, Pages 30-39, excluding years 1998-2000 on Page 38 and excluding the map information related to store count on Page 39, of Registrant's 2003 Annual Report to Shareholders.

Report of Independent Auditors, Page 40, of Registrant's 2003 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.

Financial Statement Schedule

For the Years Ended January 31, 2004, February 1, 2003 and February 2, 2002.

II—Valuation and Qualifying Accounts.

Other schedules have not been included either because they are not applicable or because the information is included elsewhere in this Report.

b) **Reports on Form 8-K**

Form 8-K filed on November 13, 2003, providing the financial results for the third quarter ended November 1, 2003.

c) **Exhibits**

(3)A.		Restated Articles of Incorporation (as amended January 9, 2002) (1)
B.		By-Laws (as amended through November 11, 1998) (2)
(4)A.		Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock, as amended (3)
B.		Amended and Restated Rights Agreement, dated as of August 5, 2002, between the Registrant and Mellon Investor Services LLC, as Rights Agent (4)
C.		Registrant agrees to furnish to the Commission on request copies of instruments with respect to long-term debt.
(10)A.	*	Executive Short-Term Incentive Plan (5)
B.	*	Director Stock Option Plan of 1995 (6)
C.	*	Supplemental Pension Plan I (7)

D. * Executive Long-Term Incentive Plan of 1981 (8)
E. * Supplemental Pension Plan II (9)
F. * Supplemental Pension Plan III (10)

G. * Deferred Compensation Plan Senior Management Group (11)
H. * Deferred Compensation Plan Directors (12)
I. * Income Continuance Policy Statement (13)
J. * SMG Income Continuance Policy Statement (14)
K. * SMG Executive Deferred Compensation Plan (15)
L. * Director Deferred Compensation Plan (16)
M. * Long-Term Incentive Plan of 1999 (17)
N. * Executive Excess Long-Term Disability Plan (18)

(12) Statements re: Computations of Ratios
(13) 2003 Annual Report to Shareholders (only those portions specifically incorporated by reference herein shall be deemed filed with the Commission)
(21) List of Subsidiaries
(23) Consent of Independent Auditors
(24) Powers of Attorney
(31)A. Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
(31)B. Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
(32)A. Certification of the Chief Executive Officer Pursuant to Section 18 U.S.C. Section 1350 Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
(32)B. Certification of the Chief Financial Officer Pursuant to Section 18 U.S.C. Section 1350 Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
(99)A. Registrant's Form 11-K Report for the year ended December 31, 2003
C. Cautionary Statements Relating to Forward-Looking Information

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

---

* Management contract or compensation plan or arrangement required to be filed as an exhibit to this Form 10-K.

(1) Incorporated by reference to Exhibit (3)A to the Registrant's Form 10-K Report for the year ended February 2, 2002.

(2) Incorporated by reference to Exhibit (3)(ii) to Registrant's Form 10-Q Report for the quarter ended October 31, 1998.

(3) Incorporated by reference to Exhibit A to Exhibit 1 to Registrant's Registration Statement on Form 8-A dated September 19, 2001.

(4) Incorporated by reference to Exhibit 10 to Registrant's Form 10-Q Report for the quarter ended August 3, 2002.

(5) Incorporated by reference to Exhibit (10)A to the Registrant's Form 10-K Report for the year ended February 2, 2002.

(6) Incorporated by reference to Exhibit (10)C to the Registrant's Form 10-Q Report for the quarter ended August 2, 2003.

(7) Incorporated by reference to Exhibit 10(E) to the Registrant's Form 10-K Report for the year ended February 1, 1997, and Amendment thereto, incorporated by reference to Exhibit (10)G to the Registrant's Form 10-Q Report for the quarter ended November 2, 2002.

(8) Incorporated by reference to Exhibit (10)B to the Registrant's Form 10-Q Report for the quarter ended August 2, 2003.

(9) Incorporated by reference to Exhibit (10)G to the Registrant's Form 10-K Report for the year ended February 1, 1997, and Amendment thereto, incorporated by reference to Exhibit (10)G to the Registrant's Form 10-Q Report for the quarter ended November 2, 2002.

(10) Incorporated by reference to Exhibit 10(H) to the Registrant's Form 10-K Report for the year ended February 1, 1997, and Amendment thereto, incorporated by reference to Exhibit 10(G) to the Registrant's Form 10-Q Report for the quarter ended November 2, 2002.

(11) Incorporated by reference to Exhibit (10)G to the Registrant's Form 10-K Report for the year ended February 1, 2003.

(12) Incorporated by reference to Exhibit (10)H to the Registrant's Form 10-K Report for the year ended February 1, 2003.

(13) Incorporated by reference to Exhibit (10)K to the Registrant's Form 10-K Report for the year ended January 30, 1999.

(14) Incorporated by reference to Exhibit (10)L to the Registrant's Form 10-K Report for the year ended January 30, 1999.

(15) Incorporated by reference to Exhibit 4.4 to the Registrant's Registration Statement on Form S-8 (File No. 333-75782) filed on December 21, 2001 and Amendment thereto, incorporated by reference to Exhibit (10)F to the Registrant's Form 10-Q for the quarter ended November 2, 2002.

(16) Incorporated by reference to Exhibit 4.2 to the Registrant's Registration Statement on Form S-8 (File No. 333-75782) filed on December 21, 2001.

(17)

Incorporated by reference to Exhibit (10)A to the Registrant's Form 10-Q Report for the quarter ended August 2, 2003.

(18) Incorporated by reference to Exhibit (10)O to the Registrant's Form 10-K Report for the year ended February 3, 2001.

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.

TARGET CORPORATION

By: /s/ DOUGLAS A. SCOVANNER

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

Dated: April 5, 2004

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.

/s/ ROBERT J. ULRICH

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

Dated: April 5, 2004

/s/ DOUGLAS A. SCOVANNER

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

Dated: April 5, 2004

ROXANNE S. AUSTIN
CALVIN DARDEN
ROGER A. ENRICO
WILLIAM W. GEORGE
ELIZABETH HOFFMAN
MICHELE J. HOOPER
JAMES A. JOHNSON
RICHARD M. KOVACEVICH
ANNE M. MULCAHY
STEPHEN W. SANGER
WARREN R. STALEY
GEORGE W. TAMKE
SOLOMON D. TRUJILLO
ROBERT J. ULRICH

Directors

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.

By: /s/ DOUGLAS A. SCOVANNER

Douglas A. Scovanner
Attorney-in-Fact

Dated: April 5, 2004

TARGET CORPORATION
Schedule II - Valuation and Qualifying Accounts
Fiscal Years 2003, 2002 and 2001

(Millions of Dollars)

Column A	Column B	Column C	Column D	Column E
Description	**Balance at beginning of Period**	**Additions charged to cost, expenses, revenues**	**Deductions**	**Balance at end of period**
Accounts receivable reserves:				
2003	$ 399	$ 532	($512)	$ 419
2002	$ 261	$ 460	($322)	$ 399
2001(a)	$ 0	$ 352	($91)	$ 261

(a)

Concurrent with our August 22, 2001 issuance of receivable backed securities, SFAS No. 140 (which replaced SFAS No. 125 in its entirety) became the guidance applicable to our receivable-backed securities transactions. As described in detail in the Notes to Consolidated Financial Statements on page 31 of Registrant's Annual Report to Shareholders, this transaction and the application of SFAS No. 140 resulted in a number of accounting changes including the reclassification of the owned receivable-backed securities to accounts receivable at fair value.

EXHIBIT INDEX

Exhibit	Description	Manner of Filing
(3)A.	Restated Articles of Incorporation (as amended January 9, 2002)	Incorporated by Reference
(3)B.	By-Laws (as amended through November 11, 1998)	Incorporated by Reference
(4)A.	Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock, as amended	Incorporated by Reference
(4)B.	Amended and Restated Rights Agreement, dated as of August 5, 2002 between the Registrant and Mellon Investor Services LLC., as Rights Agent	Incorporated by Reference
(10)A.	Executive Short-Term Incentive Plan	Incorporated by Reference
(10)B.	Director Stock Option Plan of 1995	Incorporated by Reference
(10)C.	Supplemental Pension Plan I	Incorporated by Reference
(10)D.	Executive Long-Term Incentive Plan of 1981	Incorporated by Reference
(10)E.	Supplemental Pension Plan II	Incorporated by Reference
(10)F.	Supplemental Pension Plan III	Incorporated by Reference
(10)G.	Deferred Compensation Plan Senior Management Group	Incorporated by Reference
(10)H.	Deferred Compensation Plan Directors	Incorporated by Reference
(10)I.	Income Continuance Policy Statement	Incorporated by Reference
(10)J.	SMG Income Continuance Policy Statement	Incorporated by Reference
(10)K.	SMG Executive Deferred Compensation Plan	Incorporated by Reference
(10)L.	Director Deferred Compensation Plan	Incorporated by Reference
(10)M.	Long-Term Incentive Plan of 1999	Incorporated by Reference
(10)N.	Executive Excess Long-Term Disability Plan	Incorporated by Reference
(12)	Statements re: Computations of Ratios	Filed Electronically
(13)	2003 Annual Report to Shareholders	Filed Electronically
(21)	List of Subsidiaries	Filed Electronically
(23)	Consent of Independent Auditors	Filed Electronically
(24)	Powers of Attorney	Filed Electronically
(31)A.	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed Electronically
(31)B.	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed Electronically
(32)A.	Certification of the Chief Executive Officer Pursuant to Section 18 U.S.C. Section 1350 Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed Electronically
(32)B.	Certification of the Chief Financial Officer Pursuant to Section 18 U.S.C. Section 1350 Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed Electronically
(99)A.	Registrant's Form 11-K Report for the year ended December 31, 2003	Filed Electronically
(99)C.	Cautionary Statements Relating to Forward-Looking Information	Filed Electronically

QuickLinks

DOCUMENTS INCORPORATED BY REFERENCE
PART I

- Item 1. Business.
- Item 2. Properties.
- Item 3. Legal Proceedings.
- Item 4. Submission of Matters to a Vote of Security Holders.
- Item X. Executive Officers of the Registrant.

PART II

- Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters.
- Item 6. Selected Financial Data.
- Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.
- Item 7a. Quantitative and Qualitative Disclosures About Market Risk.
- Item 8. Financial Statements and Supplementary Data.
- Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.
- Item 9a. Controls and Procedures.

PART III

- Item 10. Directors and Executive Officers of the Registrant.
- Item 11. Executive Compensation.
- Item 12. Security Ownership of Certain Beneficial Owners and Management.
- Item 13. Certain Relationships and Related Transactions.
- Item 14. Principal Accounting Fees and Services.

PART IV

- Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

SIGNATURES
EXHIBIT INDEX

Exhibit 12

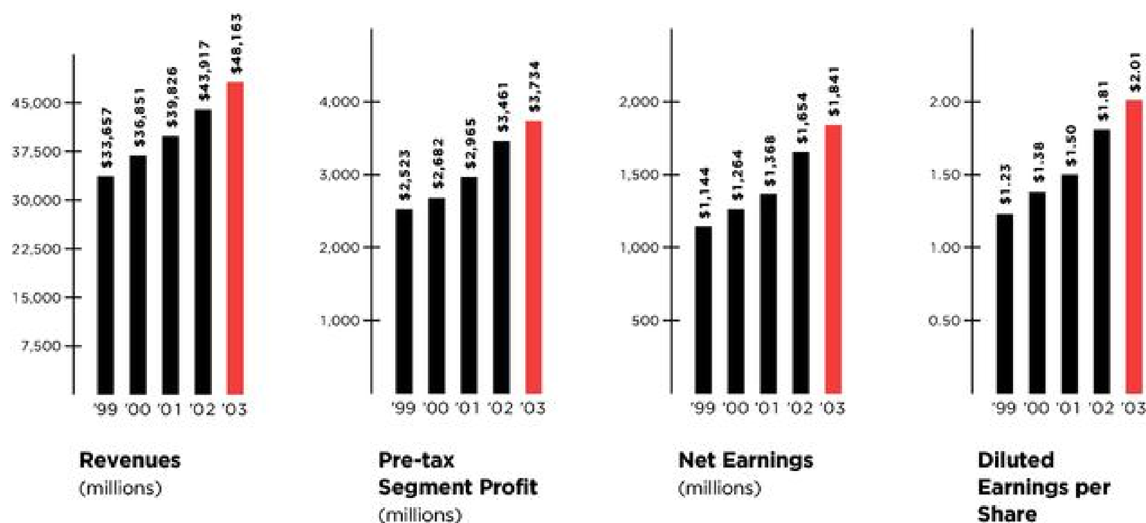
TARGET CORPORATION
Computations of Ratios of Earnings to Fixed Charges and
Ratios of Earnings to Fixed Charges and Preferred Stock Dividends for the
Twelve Months Ended January 31, 2004 and February 1, 2003
and for the Five Years Ended January 31, 2004

(Millions of Dollars)

	Fiscal Year Ended				
	Jan. 31, 2004	Feb. 1, 2003	Feb. 2, 2002	Feb. 3, 2001	Jan. 29, 2000
Ratio of Earnings to Fixed Charges:					
Earnings:					
Consolidated net earnings	**$ 1,841**	$ 1,654	$ 1,368	$ 1,264	$ 1,144
Income taxes	**1,119**	1,022	839	789	725
Total earnings	**2,960**	2,676	2,207	2,053	1,869
Fixed charges:					
Interest expense	**572**	614	519	467	482
Interest portion of rental expense	**84**	71	68	77	69
Total fixed charges	**656**	685	587	544	551
Less:					
Capitalized interest	**(8)**	(13)	(33)	(31)	(16)
Fixed charges in earnings	**648**	672	554	513	535
Earnings available for fixed charges	**$ 3,608**	$ 3,348	$ 2,761	$ 2,566	$ 2,404
Ratio of earnings to fixed charges	**5.50**	4.89	4.70	4.71	4.36
Ratio of Earnings to Fixed Charges and Preferred Stock Dividends:					
Total fixed charges, as above	**$ 656**	$ 685	$ 587	$ 544	$ 551
Dividends on preferred stock (pre-tax basis)	**—**	—	—	—	29
Total fixed charges and preferred stock dividends	**$ 656**	$ 685	$ 587	$ 544	$ 580
Earnings available for fixed charges and preferred stock dividends	**$ 3,608**	$ 3,348	$ 2,761	$ 2,566	$ 2,404
Ratio of earnings to fixed charges and preferred stock dividends	**5.50**	4.89	4.70	4.71	4.15

Exhibit 13

Financial Highlights



	2003	2002	2001	2000*	1999
Operating Results (millions)					
Total revenues	$ **48,163**	43,917	39,826	36,851	33,657
Pre-tax segment profit	$ **3,734**	3,461	2,965	2,682	2,523
Net earnings	$ **1,841**	1,654	1,368	1,264	1,144
Per Common Share Data**					
Diluted earnings per share	$ **2.01**	1.81	1.50	1.38	1.23
Cash dividends declared	$ **.270**	.240	.225	.215	.200
At Year-end (millions, except Number of stores)					
Common shares outstanding	**911.8**	909.8	905.2	897.8	911.7
Retail square feet	**188.6**	176.5	161.6	149.4	139.4
Number of stores	**1,553**	1,475	1,381	1,307	1,243

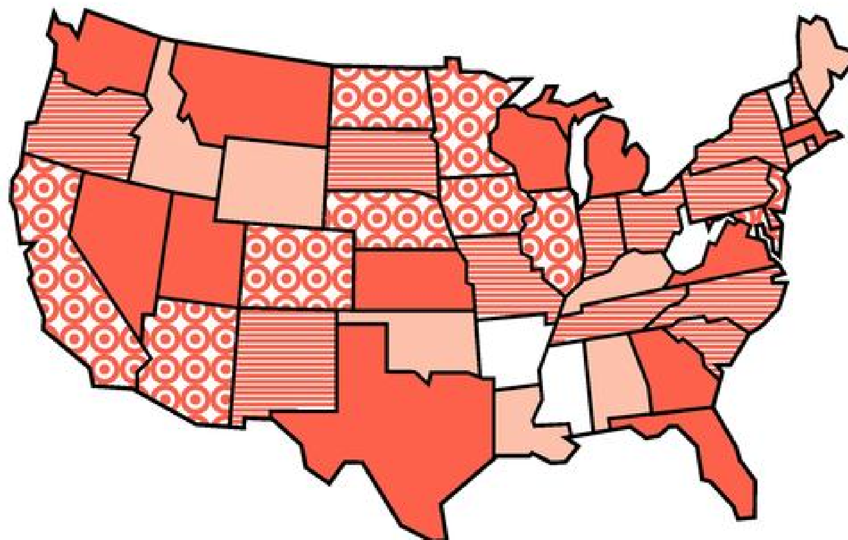
* *Consisted of 53 weeks.*

** *Earnings per share, dividends per share and common shares outstanding reflect our 2000 two-for-one common share split.*

The Financial Highlights should be read in conjuction with the Notes to Consolidated Financial Statements throughout page 30-39.

01 Report to Shareholders
04 Strategy Discussion
17 Financial Review
42 Shareholder Information

Target Market Share



Year-end 2003 Store Count and Square Footage by State

Market Share Group	No. of Stores	Retail Sq. Ft. (in thousands)
10% + Market Share		
Arizona	36	4,200
California	184	22,486
Colorado	29	3,854
Illinois	62	7,706
Iowa	19	2,535
Maryland	24	2,968
Minnesota	65	8,590
Nebraska	11	1,397
New Jersey	28	3,537
North Dakota	4	505
Group Total	**462**	**57,758**
7.5% – 9.9% Market Share		
Florida	78	9,736
Georgia	38	4,873
Kansas	14	1,810
Massachusetts	19	2,391
Michigan	51	5,718
Montana	7	764
Nevada	14	1,736
Texas	107	14,019
Utah	9	1,428
Virginia	31	3,865
Washington	29	3,305
Wisconsin	29	3,358
Group Total	**426**	**53,003**
5.0% – 7.4% Market Share		
Delaware	2	268
Indiana	32	3,885
Missouri	26	3,349
New Hampshire	5	649
New Mexico	8	872
New York	37	4,869
North Carolina	31	3,734
Ohio	44	5,258
Oregon	16	1,892
Pennsylvania	30	3,831
Rhode Island	2	254
South Carolina	14	1,726
South Dakota	4	417
Tennessee	22	2,594
Group Total	**273**	**33,598**
2.5% – 4.9% Market Share		
Alabama	10	1,540
Connecticut	6	773
Idaho	5	536
Kentucky	12	1,360
Louisiana	10	1,428
Maine	1	125
Oklahoma	10	1,273
Wyoming	2	187
Group Total	**56**	**7,222**
0.0% – 2.4% Market Share		
Arkansas	3	368
Mississippi	2	239
Vermont	0	–
West Virginia	3	375
Group Total	**8**	**982**
Total	**1,225**	**152,563**

For purposes of this map, market share is defined as Target Stores sales by state as a percentage of U.S. General Merchandise Store sales, including department stores, discount stores, supercenters and warehouse clubs. For other purposes, broader or narrower measures of market share may be more appropriate.

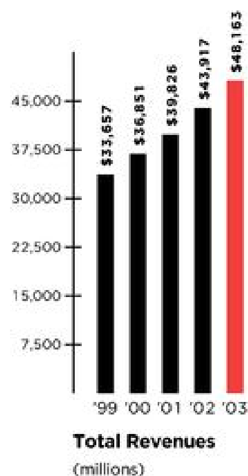
MANAGEMENT'S DISCUSSION AND ANALYSIS

Analysis of Operations

Target Corporation operates large-format general merchandise stores in the United States, including discount stores, moderate-priced promotional stores and traditional department stores, and additionally operates a small, rapidly growing on-line business. We drive incremental merchandise sales and profitability through increases in our comparable-store sales and through contribution of new store growth at Target. Additionally, we benefit from our credit card operations which strategically support each of our retail segments. We focus on delighting our guests by offering both everyday essentials and fashionable, differentiated merchandise at exceptional prices. Our ability to deliver a shopping experience that is preferred by our guests is supported by our strong supply chain and technology network, a devotion to innovation which is ingrained in our organization and culture and our disciplined approach to managing our current business and investing in future growth. Though our industry is highly competitive and subject to macroeconomic conditions, we believe we are well-positioned to deliver continued profitable market share growth for many years to come.

On March 10, 2004, we began reviewing strategic alternatives for Mervyn's and Marshall Field's that include but are not limited to, the possible sale of one or both of these segments as ongoing businesses to existing retailers or other qualified buyers. The following Management's Discussion and Analysis, Consolidated Financial Statements, and Notes to Consolidated Financial Statements do not reflect any impact of any strategic alternatives as we are in the early stages of this review process.

Management's Discussion and Analysis is based on our Consolidated Financial Statements as shown on pages 26-29.



Revenues and Comparable-store Sales

Total revenues include retail sales and net credit card revenues. Net credit card revenues represent income derived from finance charges, late fees and other revenues from use of our Target Visa and proprietary credit cards. Comparable-store sales are sales from stores open longer than one year. Stores that were remodeled at their existing location and did not convert to a SuperTarget remain in the comparable-store sales calculation. Stores that have been converted to a SuperTarget or moved to a new location are included in the comparable-store sales calculation once they are open longer than one year.

In 2003, total revenues increased 9.7 percent and comparable-store sales increased 2.9 percent. Retail price deflation had a negative impact of approximately 3 percent on sales growth. At Target, which accounted for 86 percent of our total revenues, slightly more than half of our 12 percent increase in revenues was driven by new store expansion, while the rest of the increase resulted from a 4.4 percent increase in comparable-store sales and an increase in net credit card revenues. Mervyn's and Marshall Field's, which accounted for 7 percent and 5 percent of our total revenues, respectively, experienced a decline in revenues, primarily due to decreases in comparable-store sales.

In 2002, total revenues increased 10.3 percent and comparable-store sales increased 1.1 percent. Retail price deflation had a negative impact of approximately 3 percent on sales growth. At Target, which accounted for 84 percent of our total revenues, the increase was driven by new store expansion, an increase in net credit card revenues and a 2.2 percent increase in comparable-store sales. Mervyn's and Marshall Field's, which accounted for 9 percent and 6 percent of our total revenues, respectively, experienced a decline in revenues primarily due to decreases in comparable-store sales.

Revenues and Comparable-store Sales Growth

	2003		2002		2001	
	Revenues	Comparable-store Sales	Revenues	Comparable-store Sales	Revenues	Comparable-store Sales
Target	**12.0%**	**4.4%**	13.3%	2.2%	13.1%	4.1%
Mervyn's	**(6.9)**	**(7.6)**	(5.2)	(5.3)	(1.7)	(1.5)
Marshall Field's	**(4.0)**	**(2.6)**	(3.1)	(3.7)	(5.2)	(5.7)
Total	**9.7%**	**2.9%**	10.3%	1.1%	9.7%	2.7%

Revenues per Square Foot*

	2003	2002	2001
Target	**$ 282**	$ 278	$ 274
Mervyn's	**165**	178	187
Marshall Field's	**178**	180	186

* *Thirteen-month average retail square feet.*

In 2004, we expect revenues to increase due to new store growth and an increase in comparable-store sales and net credit card revenues.

Gross Margin Rate

Gross margin rate represents gross margin (sales less cost of sales) as a percent of sales. Cost of sales primarily includes purchases, markdowns and other costs associated with our merchandise. These costs are partially offset by various forms of consideration earned or received from our vendors, which we refer to as "vendor income."

In 2003, our consolidated gross margin rate increased 0.5 percent to a rate of 32.0 percent primarily due to the adoption of Emerging Issues Task Force (EITF) Issue No. 02-16 "Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor." The adoption resulted in a reclassification of a portion of our vendor income from selling, general and administrative expenses to cost of sales and had a slight negative impact on net earnings as described in the Notes to Consolidated Financial Statements on page 30.

At Target, gross margin rate improved due to the vendor income reclassification. Mervyn's gross margin rate improvement was primarily a result of the vendor income reclassification and efforts to lower purchase costs through improved negotiating programs that resulted in markup improvement, partially offset by an increase in markdowns. Marshall Field's gross margin rate increased due to the vendor income reclassification and reductions in purchase costs which resulted in markup improvement. These improvements were partially offset by an increase in markdowns.

In 2002, our consolidated gross margin rate expanded by almost a full percentage point to a rate of 31.5 percent from 30.6 percent. The growth is attributable to rate expansion at Target and Mervyn's, primarily due to reductions in purchase costs and improvements in markup during the year. These increases were partially offset by additional markdowns at Mervyn's and Marshall Field's and the mix impact of growth at Target, our lowest gross margin rate division.

Consolidated gross margin rate in 2004 is expected to be approximately equal to 2003. Gross margin rate at Target is expected to remain essentially even with that of 2003. We expect modest gross margin rate expansion at both Mervyn's and Marshall Field's to be offset by the mix impact of faster growth at Target, our lowest gross margin rate division.

Selling, General and Administrative Expense Rate

Our selling, general and administrative (SG&A) expense rate represents payroll, benefits, advertising, distribution, buying and occupancy, start-up and other expenses as a percentage of sales. SG&A expense excludes depreciation and amortization and expenses associated with our credit card operations, which are reflected separately in our Consolidated Results of Operations. In 2003, approximately $78 million of vendor income was recorded as an offset to SG&A expenses as it met the specific, incremental and identifiable criteria of EITF No. 02-16. Approximately $294 million and $272 million of vendor income was recorded as an offset to SG&A expenses in 2002 and 2001, respectively. This vendor income primarily represented advertising reimbursements.

In 2003, our SG&A expense rate increased to 22.9 percent compared to 22.0 percent in 2002. Over half of this increase is attributable to the reclassification of vendor income to cost of sales from SG&A expenses as described in the Notes to Consolidated Financial Statements on page 30. The remaining increase is principally due to a lack of sales leverage at both Mervyn's and Marshall Field's.

In 2002, our SG&A expense rate rose to 22.0 percent compared to 21.6 percent in 2001 because certain items such as medical expenses increased at a faster pace than sales. This effect was only partially offset by the mix impact of growth at Target, our lowest SG&A expense rate division.

In 2004, we expect our SG&A expense rate to increase slightly from 2003, reflecting our belief that a number of expenses will increase at a faster pace than sales. These include expenses related to our defined benefit plans, insurance and stock options, which we began expensing during 2003 under the prospective transition method in accordance with Statement of Financial Accounting Standards (SFAS) No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure." We expect the effect of these increased expenses to be partially offset by the mix impact of growth at Target, our lowest SG&A expense rate division.

Depreciation and Amortization

In 2003, depreciation and amortization increased 8.9 percent to $1,320 million compared to 2002. In 2002, depreciation and amortization increased 12.4 percent to $1,212 million compared to 2001. The increase in both years is primarily due to new store growth at Target.

Pre-tax Segment Profit

Pre-tax segment profit is our core measure of profitability for the three segments and is a required disclosure for segment reporting under accounting principles generally accepted in the United States (GAAP).

In 2003, pre-tax segment profit increased 7.9 percent to $3,734 million, compared with $3,461 million in 2002. The increase was driven by growth at Target, which produced 93 percent of consolidated pre-tax segment profit. Mervyn's and Marshall Field's experienced a decrease in pre-tax segment profit compared to 2002.

Pre-tax segment profit increased 16.7 percent in 2002 to $3,461 million, compared with $2,965 million in 2001. The increase was driven by growth at Target, which produced 89 percent of consolidated pre-tax segment profit. Marshall Field's pre-tax segment profit in 2002 was essentially equal to 2001, while Mervyn's experienced a decline in pre-tax segment profit in 2002 compared to 2001.

A reconciliation of pre-tax segment profit to pre-tax earnings follows. Our segment disclosures may not be consistent with disclosures of other companies in the same line of business.

Pre-tax Segment Profit and as a Percent of Revenues

	Pre-tax Segment Profit			As a Percent of Revenues		
	2003	**2002**	**2001**	**2003**	**2002**	**2001**
			(millions)			
Target	**$ 3,467**	$ 3,088	$ 2,546	**8.4%**	8.4%	7.8%
Mervyn's	**160**	238	286	**4.5**	6.2	7.1
Marshall Field's	**107**	135	133	**4.1**	5.0	4.8
Total pre-tax segment profit	**$ 3,734**	$ 3,461	$ 2,965	**7.9%**	8.0%	7.5%
Securitization adjustments:						
Loss	**—**	—	(67)			
Interest equivalent	**—**	—	(27)			
LIFO provision credit/(expense)	**27**	12	(8)			
Interest expense	**(559)**	(588)	(473)			
Other	**(242)**	(209)	(183)			
Earnings before taxes	**$ 2,960**	$ 2,676	$ 2,207			

In 2001, the $67 million pre-tax loss related to the required adoption of a new accounting standard applicable to securitized accounts receivable. The $27 million interest equivalent represented payments accrued to holders of sold securitized receivables prior to August 22, 2001 (discussed in detail in the Notes to Consolidated Financial Statements under Accounts Receivable and Receivable-backed Securities on page 31).

Interest Expense

In 2003, interest expense was $559 million, $29 million lower than in 2002. The decrease was due to a lower average portfolio interest rate and a smaller loss on debt called or repurchased, partially offset by higher average debt outstanding. The average portfolio interest rate in 2003 was 4.9 percent compared with 5.6 percent in 2002. The $297 million of debt called or repurchased during 2003 resulted in a loss of $15 million (approximately $.01 per share) and had an average interest rate of 7.8 percent and an average remaining life of 20 years.

In 2002, interest expense was $588 million, $88 million higher than the total of interest expense and interest equivalent in 2001. The increase was due to higher average debt outstanding and a greater loss on the early call or repurchase of debt, partially offset by a lower average portfolio interest rate. The average portfolio interest rate in 2002 was 5.6 percent compared with 6.4 percent in 2001. (For analytical purposes, the amounts that represented payments accrued to holders of sold securitized receivables prior to August 22, 2001 were considered interest equivalent as discussed in the Notes to Consolidated Financial Statements on page 31. After that date, such payments constituted interest expense.) In 2002 and 2001, we incurred losses of $34 million ($.02 per share) and $9 million (less than $.01 per share) from the early call or repurchase of $266 million and $144 million of debt, respectively. The debt called or repurchased had an average interest rate of 8.8 percent and 9.2 percent, respectively, and had an average remaining life of 19 years and 7 years, respectively.

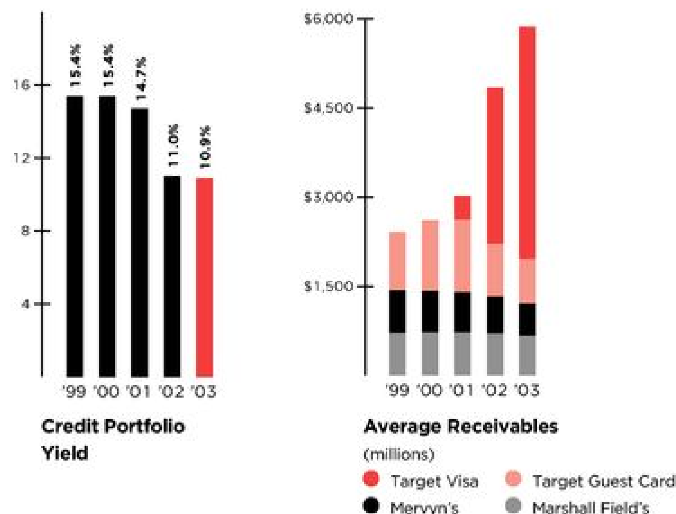
We adopted SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections" in the first quarter of 2002. Under SFAS No. 145, gains and losses from the early extinguishment of debt are required to be included in interest expense and are not reflected as an extraordinary item. Prior year extraordinary items have been reclassified to reflect this change. The adoption of SFAS No. 145 had no impact on net earnings, cash flows or financial position. The requirements of SFAS No. 145 are discussed under New Accounting Pronouncements on page 25.

Excluding the effect of any early call or repurchase of debt, we expect interest expense in 2004 to remain essentially flat to 2003, as average debt outstanding and the average portfolio interest rate are not expected to change significantly.

Credit Card Operations

Through our proprietary store-brand credit card programs, some of which have been available for decades, and our Target Visa credit card that was introduced nationally in 2001, we offer credit to qualified guests in each of our business segments. Our credit card programs strategically support our core retail operations and are an integral component of each business segment. Our credit card products support earnings growth by driving sales at our stores and through improvements in our credit card financial performance.

Our credit card revenues are primarily derived from finance charges, late fees and other revenues. Intracompany merchant fees are fees charged to our retail operations on a basis similar to fees charged by third-party credit card issuers. These fees are eliminated in consolidation. Third-party merchant fees are paid to us by merchants that have accepted the Target Visa credit card. In 2003, our credit card revenues increased to $1,479 million from $1,297 million, or 14 percent, due to continued growth in the Target Visa credit card portfolio. In 2002, our credit card revenues increased to $1,297 million from $899 million, or 44 percent, due primarily to additional revenues earned from the Target Visa credit card portfolio.



Credit card expenses include marketing and account service activities that support our credit card portfolio, as well as bad debt expense. In 2003, our credit card expense increased to $838 million from $765 million, or 9.6 percent, primarily due to growth in our bad debt expense commensurate with the growth in our accounts receivable. In 2002, our credit card expenses increased to $765 million from $454 million, or 69 percent, due to substantial growth in our accounts receivable resulting from the Target Visa portfolio.

In 2003, 2002 and 2001, allowance for doubtful accounts as a percent of year-end receivables was 6.8 percent, 6.7 percent and 6.4 percent, respectively. The increase in 2003 and 2002 was primarily due to higher accounts receivable balances and increases in the incidence and severity of personal bankruptcies, among other factors.

We expect our 2004 credit operations to grow at a more modest rate than the substantial growth we experienced in 2003 and 2002. Our pre-tax credit card contribution as a percent of total average receivables is expected to continue to be in the range of 10 to 11 percent in 2004.

Credit Card Contribution to Segment Profit

	2003	2002	2001
		(millions)	
Revenues:			
Finance charges, late fees and other revenues	**$ 1,300**	$ 1,126	$ 779
Merchant fees			
Intracompany	**97**	102	102
Third-party	**82**	69	18
Total revenues	**1,479**	1,297	899
Expenses:			
Bad debt provision	**532**	460	230
Operations and marketing	**306**	305	224
Total expenses	**838**	765	454
Pre-tax credit card contribution	**$ 641**	$ 532	$ 445
As a percent of total average receivables	**10.9%**	11.0%	14.7%

Receivables

	2003	2002	2001
		(millions)	
Target			
Target Visa	**$ 4,190**	$ 3,774	$ 1,567
Proprietary card	**783**	827	1,063
Mervyn's proprietary card	**550**	626	706
Marshall Field's proprietary card	**672**	737	756
Total year-end receivables	**$ 6,195**	$ 5,964	$ 4,092
Past Due			
Accounts with three or more payments past due as a percent of total year-end receivables:			
Target Visa	**3.6%**	3.1%	0.5%
Proprietary cards	**4.7%**	5.1%	4.9%

Total past due	**4.0%**	3.8%	3.2%

Allowance for Doubtful Accounts

	2003	2002	2001
		(millions)	
Allowance at beginning of year	**$ 399**	$ 261	$ 211
Bad debt provision	**532**	460	230
Net write-offs	**(512)**	(322)	(180)
Allowance at end of year	**$ 419**	$ 399	$ 261
As a percent of year-end receivables	**6.8%**	6.7%	6.4%

Other Credit Card Contribution Information*

	2003	2002
	(millions)	
Total Revenues		
Target Visa	**$ 857**	$ 626
Proprietary cards	**$ 622**	$ 671
Total revenues as a percent of average receivables:		
Target Visa	**21.9%**	23.8%
Proprietary cards	**31.7%**	30.4%
Net Write-offs		
Target Visa	**$ 359**	$ 151
Proprietary cards	**$ 153**	$ 171
Net write-offs as a percent of average receivables:		
Target Visa	**9.2%**	5.8%
Proprietary cards	**7.8%**	7.7%
Average Receivables		
Target Visa	**$ 3,907**	$ 2,635
Proprietary cards	**1,960**	2,206
Total average receivables	**$ 5,867**	$ 4,841

* *The Target Visa credit card does not reflect a full year of activity in 2001 and has been excluded due to lack of comparability.*

Fourth Quarter Results

Due to the seasonal nature of our business, 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 2003 net earnings were $832 million, compared with $688 million in 2002. Earnings per share were $.91 for the quarter, compared with $.75 in 2002. Total revenues increased 10.7 percent and 13-week comparable-store sales increased 4.9 percent. Our pre-tax segment profit increased 17.3 percent to $1,513 million, primarily driven by growth at Target.

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

	2003		2002		2001	
			(millions)			
Target	**$ 1,380**	**18.5%**	$ 1,165	8.0%	$ 1,078	20.9%
Mervyn's	**74**	**(0.3)**	75	(42.9)	131	20.8
Marshall Field's	**59**	**15.6**	51	(18.9)	63	(20.2)
Total	**$ 1,513**	**17.3%**	$ 1,291	1.4%	$ 1,272	17.9%
LIFO provision	**27**		12		(8)	
Interest expense	**(130)**		(154)		(135)	
Other	**(72)**		(36)		(68)	
Earnings before taxes	**$ 1,338**		$ 1,113		$ 1,061	

Critical Accounting Estimates

Our analysis of operations and financial condition are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenses during the reporting period and the related disclosures of contingent assets and liabilities. In the Notes to Consolidated Financial Statements, we describe our significant accounting policies used in the preparation of the consolidated financial statements. We evaluate our estimates on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ from these estimates under different assumptions or conditions.

The following items in our consolidated financial statements require significant estimation or judgment:

Inventory and cost of sales We account for substantially all of our inventory and the related cost of sales under the retail inventory method using the LIFO basis. Under the retail inventory method, inventory is stated at cost, which is determined by applying a cost-to-retail ratio to each similar merchandise grouping's ending retail value. Since this inventory value is adjusted regularly to reflect market conditions, our inventory methodology reflects the lower of cost or market. We also reduce inventory for estimated losses related to shortage, based upon historical losses verified by prior physical inventory counts. Inventory also includes a LIFO provision that is calculated based on inventory levels, markup rates and internally generated retail price indices. Inventory is at risk of obsolescence if economic conditions change, such as shifting consumer demand, changing consumer credit markets, or increased competition, even though substantially all of our inventory sells in less than six months. Our vendor income and inventory are described in the Notes to Consolidated Financial Statements on pages 30 and 31, respectively.

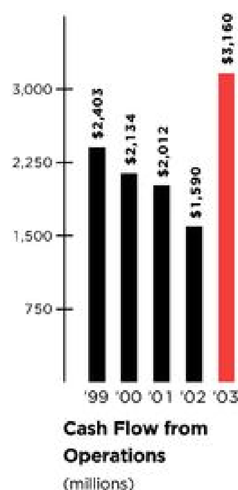
Allowance for doubtful accounts When receivables are recorded, an allowance for doubtful accounts in an amount equal to anticipated future write-offs is recognized. The allowance includes provisions for uncollectible finance charges and other credit fees. We estimate future write-offs based on delinquencies, risk scores, aging trends, industry risk trends and our historical experience. The allowance for doubtful accounts was $419 million or 6.8 percent of year-end receivables at January 31, 2004, compared to $399 million or 6.7 percent of year-end receivables at February 1, 2003. Management believes that the allowance for doubtful accounts is adequate to cover anticipated losses in our credit card accounts receivable under current conditions; however, significant deterioration in any of the factors mentioned above or in general economic conditions could materially change these expectations. Our accounts receivable and related allowance are described in the Notes to Consolidated Financial Statements on page 31.

Pension and postretirement health care accounting We fund and maintain three qualified defined benefit pension plans and maintain certain related non-qualified plans as well. Our pension costs are determined based on actuarial calculations using key assumptions including our expected long-term rate of return on qualified plan assets, discount rate and our estimate of future compensation increases. We also maintain a postretirement health care plan for certain retired employees. Postretirement health care costs are calculated based on actuarial calculations using key assumptions including a discount rate and health care cost trend rates. Our pension and postretirement health care benefits are further described in the Notes to Consolidated Financial Statements on pages 36-37.

Insurance/self-insurance We retain a portion of the risk related to certain general liability, workers' compensation, property loss and employee medical and dental claims. Liabilities associated with these losses are calculated for claims filed, and claims incurred but not yet reported, at our estimate of their ultimate cost, based upon analysis of historical data and actuarial estimates. General liability and workers' compensation liabilities are recorded at our estimate of their net present value; other liabilities are not discounted. Our expected loss accruals are based on estimates, and while we believe the amounts accrued are adequate, the ultimate loss may differ from the amounts provided. We maintain stop-loss coverage to limit the exposure related to certain risks.

Income taxes We pay income taxes based on the tax statutes, regulations and case law of the various jurisdictions in which we operate. Our effective income tax rate was 37.8 percent, 38.2 percent and 38.0 percent in 2003, 2002 and 2001, respectively. The income tax provision includes estimates for certain unresolved matters in dispute with state and federal tax authorities. Management believes the resolution of such disputes will not have a material impact on our financial statements. Our effective income tax rate in 2004 is expected to be approximately 37.8 percent. Our income taxes are further described in the Notes to Consolidated Financial Statements on page 34.

Analysis of Financial Condition



Cash Flow from Operations
(millions)

Liquidity and Capital Resources

Our financial condition remains strong. In assessing our financial condition, management considers factors such as cash flows provided by operations, capital expenditures and debt service obligations. Cash flow provided by operations increased to $3.2 billion in 2003 from $1.6 billion in 2002, primarily due to a smaller increase in our gross accounts receivable balance and a higher net income.

During 2003, our total gross year-end receivables increased 3.9 percent, or $231 million, to $6,195 million. The growth in year-end receivables was driven by modest growth in issuance and usage of the Target Visa credit card during 2003. Average total receivables in 2003 increased 21 percent reflecting the substantial growth of the Target Visa credit card portfolio throughout 2002.

During 2003, inventory levels increased $583 million, or 12.2 percent. This growth was more than fully funded by the $764 million increase in accounts payable over the same period. The increase in inventory was primarily a result of our store square footage growth.

In January 1999 and March 2000, our Board of Directors authorized the aggregate repurchase of $2 billion of our common stock. Since that time, we have repurchased a total of 42 million shares of our common stock at a total cost of $1,247 million ($29.39 per share), net of the premium from exercised and expired put options. In 2001, common stock repurchases were essentially suspended. Consequently, common stock repurchases did not have a material impact on our 2003 or 2002 net earnings and financial position.

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.

A key to our access to liquidity and capital markets is maintaining strong investment-grade debt ratings.

Credit Ratings

	Moody's	Standard and Poor's	Fitch
Long-term debt	A2	A+	A
Commercial paper	P-1	A-1	F1
Securitized receivables	Aaa	AAA	n/a

Interest Coverage Ratio

We view interest coverage as an important indicator of our creditworthiness.

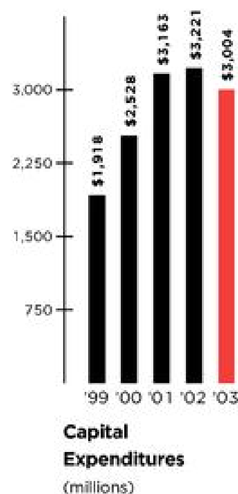
Interest coverage ratio represents the ratio of pre-tax earnings before fixed charges to fixed charges (interest expense and the interest portion of rent expense). Our interest coverage ratio was 5.5x, 4.9x and 4.7x in 2003, 2002 and 2001, respectively.

Further liquidity is provided by $1.6 billion of committed lines of credit obtained through a group of 26 banks. Of these credit lines, an $800 million credit facility expires in June 2004 but includes a one-year term-out option to June 2005. The remaining $800 million credit facility expires in June 2008. There were no balances outstanding at any time during 2003 or 2002 under these agreements. These committed credit lines as well as most of our long-term debt obligations contain certain financial covenants. We are, and expect to remain, well within the compliance requirements of these covenants. No material debt instrument contains provisions requiring acceleration of payment upon a debt rating downgrade.

Management believes that cash flows from operations, proceeds from long-term financing activities and issuance of short-term debt will be sufficient to fund any seasonal buildup in inventories and meet other cash requirements, including the refinancing of existing long-term debt, growth in receivables and projected capital expenditures.

Capital Expenditures

Capital expenditures were $3,004 million in 2003, compared with $3,221 million in 2002 and $3,163 million in 2001. Our modestly lower spending level in 2003 is due to a larger mix of leased stores and our ability to accomplish our expansion plans with less capital. Investment in Target accounted for 90 percent of capital expenditures in 2003 and 92 percent of capital expenditures in both 2002 and 2001. Net property and equipment increased $1,662 million in 2003, compared with an increase of $1,774 million in 2002. Over the past five years, Target's net retail square footage has grown at a compound annual rate of 10 percent, at the higher end of our objective of 8 to 10 percent in new net growth annually.



Capital Expenditures
(millions)

Approximately 74 percent and 66 percent of total capital expenditures in 2003 and 2002, respectively, were for new stores, expansions and remodels. Other capital investments were for information system hardware and software, distribution capacity and other infrastructure to support store growth, primarily at Target.

Number of Stores

	February 1, 2003	Opened	Closed	January 31, 2004
Target*	1,147	101	23	**1,225**
Mervyn's	264	3	1	**266**
Marshall Field's	64	—	2	**62**
Total	1,475	104	26	**1,553**

* *Target includes 118 and 94 SuperTargets at January 31, 2004 and February 1, 2003, respectively.*

In 2004, we expect to invest $3.2 billion to $3.4 billion, mostly in new square footage for Target stores and the distribution infrastructure and systems to support this growth. Our estimated 2004 store opening program at Target reflects net square footage growth of approximately 8 to 9 percent, or 95 to 100 total new stores partially offset by closings and relocations. In addition, we expect to remodel approximately 70 stores in 2004.

Owned and Leased Store Locations

At year-end 2003, owned, leased and "combined" (generally an owned building on leased land) store locations by operating segment were as follows:

	Owned	Leased	Combined	Total
Target	987	87	151	**1,225**
Mervyn's	155	62	49	**266**
Marshall Field's	49	11	2	**62**
Total	1,191	160	202	**1,553**

Commitments and Contingencies

At January 31, 2004, our debt, lease and royalty contractual obligations were as follows:

Payments Due by Period

Contractual Obligations	Total	Less than 1 Year	1-3 Years	3-5 Years	After 5 Years

	(millions)				
Long-term debt*	$ 10,828	$ 857	$ 1,254	$ 2,774	$ 5,943
Interest payments**	6,062	587	1,103	912	3,460
Capital lease obligations***	264	21	39	38	166
Operating leases***	1,778	163	286	236	1,093
Royalties	80	42	38	—	—
Contractual cash obligations	$ 19,012	$ 1,670	$ 2,720	$ 3,960	$ 10,662

* *Required principal payments only. Excludes SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," fair market value adjustments recorded in long-term debt.*

** *Includes payments on $1.5 billion of floating rate long-term debt secured by credit card receivables, of which $750 million matures in July 2004 and $750 million matures in 2007. These payments are calculated assuming rates of 1.25%, 2.25%, 3.25% and 4.25% for 2004, 2005, 2006 and 2007, respectively. Excludes payments received or made relating to interest rate swaps discussed on pages 33-34.*

*** *Total contractual lease payments.*

Commitments for the purchase, construction, lease or remodeling of real estate, facilities and equipment were approximately $545 million at year-end 2003.

Throughout the year, we enter into various commitments to purchase inventory. In addition to the accounts payable reflected in our Statements of Financial Position on page 27, we had commitments with various vendors for the purchase of inventory as of January 31, 2004. The previous table excludes these commitments because these purchase commitments are cancelable by their terms.

Legal Proceedings

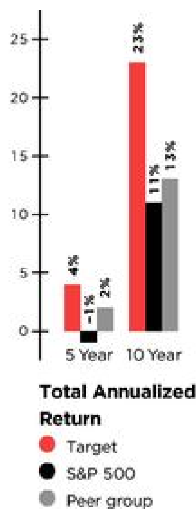
We are exposed to claims and litigation arising out of the ordinary course of business and use various methods to resolve those matters in a manner that serves the best interest of our shareholders and other constituents. The dispute resolution methods that we use include vigorous litigation, when necessary, and alternatives such as settlement discussions, where appropriate, to reduce the costs of litigation. Our policy is to fully disclose pending lawsuits and other known claims that we expect may have a material impact on our results of operations or financial condition. After consulting with legal counsel, management does not believe that any currently identified claims or litigation meet this criterion.

Market Risk

Our exposure to market risk results primarily from fluctuations in interest rates on our debt obligations and from the effect of equity market returns on our non-qualified defined contribution plans. We hold derivative instruments primarily to manage our exposure to these risks and all derivative instruments are matched against specific debt obligations or other liabilities. There have been no material changes in the primary risk exposures or management of the risks since the prior year. Our debt and interest rate swap instruments outstanding at January 31, 2004, including applicable interest rates, are discussed in the Notes to Consolidated Financial Statements on pages 33-34.

The annualized effect of a one percentage point change in floating interest rates on our interest rate swap agreements and other floating rate debt obligations at January 31, 2004, would be to change interest expense by approximately $36 million. The annualized effect of a one percentage point change in equity market returns on our non-qualified defined contribution plans (inclusive of the effect of derivative instruments used to hedge or manage these exposures) would not be significant.

Performance Objectives



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 annualized return to shareholders (including reinvested dividends) over the last five years averaged 4.2 percent, returning about $123 for each $100 invested in our stock at the beginning of this period. The peer group we refer to in the adjacent graph represents those companies included in the S&P 500 Retailing and S&P 500 Food and Drug Retailing Indices, and is the group we refer to in our proxy statement.

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 use a benchmark of 9 percent for the estimated after-tax cost of capital invested in our retail operations and a benchmark of 5 percent for capital invested in our credit card operations, as a result of its ability to support higher debt levels. We expect to continue to generate returns in excess of these benchmarks, 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 generation. 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. Earnings per share has grown at a compound annual rate of 15 percent over the last five years.

New Accounting Pronouncements

2004 Adoptions

In January 2003, the Financial Accounting Standards Board issued Interpretation No. 46, "Consolidation of Variable Interest Entities, an interpretation of Accounting Research Bulletin No. 51" (FIN No. 46). FIN No. 46 will be effective no later than the end of the first reporting period that ends after March 15, 2004. FIN No. 46 requires the consolidation of entities in which an enterprise absorbs a majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both, as a result of ownership, contractual or other financial interest in the entity. Currently, entities are generally consolidated by an enterprise when it has a controlling financial interest through ownership of a majority voting interest in the entity. We do not expect the adoption of FIN No. 46 to have a material impact on our net earnings, cash flows or financial position.

2003 Adoptions

In the first quarter of 2003, we adopted EITF No. 02-16, "Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor." Under the new guidance, cash consideration received from a vendor is presumed to be a reduction of the prices of the vendor's products or services and should be classified as a reduction in cost of sales. If the cash consideration is for assets or services delivered to the vendor, it should be characterized as revenue. If the cash consideration is a reimbursement of costs incurred to sell the vendor's products, it should be characterized as a reduction of that cost. This guidance had no material impact on sales, cash flows or financial position for any period, and had a slight negative impact on net earnings. Our accounting policy regarding vendor income is discussed in the Notes to Consolidated Financial Statements on page 30.

In the first quarter of 2003, we adopted SFAS No. 123, "Accounting for Stock-Based Compensation," in accordance with the prospective transition method prescribed in SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure." The fair value based method has been applied prospectively to awards granted subsequent to February 1, 2003 (the last day of our 2002 fiscal year). The adoption of this method increased compensation expense by less than $.01 per share in 2003. Our accounting policy regarding stock-based compensation is discussed in the Notes to Consolidated Financial Statements on page 30.

In the first quarter of 2003, we adopted SFAS No. 143, "Accounting for Asset Retirement Obligations." The adoption did not have an impact on current year or previously reported net earnings, cash flows or financial position.

In the first quarter of 2003, we adopted SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred

---

instead of recognizing the liability at the date of commitment to an exit plan as was previously allowed. The adoption of SFAS No. 146 did not have a material impact on current year or previously reported net earnings, cash flows or financial position.

In the second quarter of 2003, we adopted SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." SFAS No. 149 amends and clarifies accounting for derivative instruments, and is effective for contracts entered into or modified after June 30, 2003. The adoption of SFAS No. 149 had no material impact on current year or previously reported net earnings, cash flows or financial position.

In the third quarter of 2003, we adopted SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." SFAS No. 150 clarifies the classification and measurement of certain financial instruments with characteristics of both liabilities and equity, and is effective for financial instruments entered into or modified after May 31, 2003, or otherwise for the first interim period beginning after June 15, 2003. The adoption of SFAS No. 150 had no material impact on current year or previously reported net earnings, cash flows or financial position.

In the fourth quarter of 2003, we adopted EITF's Issue No. 03-10 "Application of Issue 02-16 by Resellers to Sales Incentives Offered to Consumers by Manufacturers" (EITF No. 03-10) which amends EITF No. 02-16. According to the amended guidance, if certain criteria are met, consideration received by a reseller in the form of reimbursement from a vendor for honoring the vendor's sales incentives offered directly to consumers (i.e. manufacturer's coupons) should not be recorded as a reduction of the cost of the reseller's purchases from the vendor. The adoption of EITF No. 03-10 did not have a material impact on current year or previously reported net earnings, cash flows or financial position. Our accounting policy regarding vendor income is discussed in the Notes to Consolidated Financial Statements on page 30.

In the fourth quarter of 2003, we adopted SFAS No. 132(R), "Employers' Disclosures about Pensions and Other Postretirement Benefits—an amendment of FASB Statements No. 87, 88 and 106," which revises the annual and interim disclosure requirements about pension and other postretirement benefits.

2002 Adoptions

In the first quarter of 2002, we adopted SFAS No. 142, "Goodwill and Other Intangible Assets," which superseded Accounting Principles Board (APB) Opinion No. 17, "Intangible Assets." Under the new statement, goodwill and intangible assets that have indefinite useful lives are no longer amortized but rather reviewed at least annually for impairment, or more frequently if impairment indicators arise. In both 2003 and 2002, the adoption of this statement reduced annual amortization expense by approximately $10 million (less than $.01 per share). Our accounting policy regarding intangible assets is discussed in the Notes to Consolidated Financial Statements on page 32.

In the first quarter of 2002, we adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." The guidance requires companies to review long-lived assets when events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. In both 2003 and 2002, impairment losses resulted in a financial statement impact of less than $.01 per share. Our accounting policy regarding impairment of long-lived assets is discussed in the Notes to Consolidated Financial Statements on page 32.

In the first quarter of 2002, we adopted SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections." Previously, all gains and losses from the early extinguishment of debt were required to be aggregated and classified as an extraordinary item in the Consolidated Results of Operations, net of the related tax effect. Under SFAS No. 145, gains and losses from the early extinguishment of debt are included in interest expense. Prior year extraordinary items have been reclassified to reflect this change. The adoption of SFAS No. 145 had no impact on net earnings, cash flows or financial position.

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 (including the effects of competitor liquidation activities), shifting consumer demand, changing consumer credit markets, changing health care costs, 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, the review of strategic alternatives, the outbreak of war and other significant national and international events, 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 31, 2004, which contains additional important factors that may cause actual results to differ materially from those projected in the forward-looking statements.

CONSOLIDATED RESULTS OF OPERATIONS

	2003	2002	2001
	(millions, except per share data)		
Sales	**$ 46,781**	$ 42,722	$ 39,114
Net credit card revenues	**1,382**	1,195	712
Total revenues	**48,163**	43,917	39,826
Cost of sales	**31,790**	29,260	27,143
Selling, general and administrative expense	**10,696**	9,416	8,461
Credit card expense	**838**	765	463
Depreciation and amortization	**1,320**	1,212	1,079
Interest expense	**559**	588	473

Earnings before income taxes	**2,960**	2,676	2,207
Provision for income taxes	**1,119**	1,022	839
Net earnings	**$ 1,841**	$ 1,654	$ 1,368
Basic earnings per share	**$ 2.02**	$ 1.82	$ 1.52
Diluted earnings per share	**$ 2.01**	$ 1.81	$ 1.50
Weighted average common shares outstanding:			
Basic	**911.0**	908.0	901.5
Diluted	**917.1**	914.0	909.8

See Notes to Consolidated Financial Statements throughout pages 30-39.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	January 31, 2004	February 1, 2003
	(millions)	
Assets		
Cash and cash equivalents	**$ 716**	$ 758
Accounts receivable, net	**5,776**	5,565
Inventory	**5,343**	4,760
Other	**1,093**	852
Total current assets	**12,928**	11,935
Property and equipment		
Land	**3,629**	3,236
Buildings and improvements	**13,091**	11,527
Fixtures and equipment	**5,432**	4,983
Construction-in-progress	**995**	1,190
Accumulated depreciation	**(6,178)**	(5,629)
Property and equipment, net	**16,969**	15,307
Other	**1,495**	1,361
Total assets	**$ 31,392**	$ 28,603
Liabilities and shareholders' investment		
Accounts payable	**$ 5,448**	$ 4,684
Accrued liabilities	**1,618**	1,545
Income taxes payable	**382**	319
Current portion of long-term debt and notes payable	**866**	975
Total current liabilities	**8,314**	7,523
Long-term debt	**10,217**	10,186
Deferred income taxes and other	**1,796**	1,451
Shareholders' investment		
Common stock*	**76**	76
Additional paid-in-capital	**1,341**	1,256
Retained earnings	**9,645**	8,107
Accumulated other comprehensive income	**3**	4
Total shareholders' investment	**11,065**	9,443
Total liabilities and shareholders' investment	**$ 31,392**	$ 28,603

* **Common Stock** *Authorized 6,000,000,000 shares, $.0833 par value; 911,808,051 shares issued and outstanding at January 31, 2004; 909,801,560 shares issued and outstanding at February 1, 2003.*

Preferred Stock *Authorized 5,000,000 shares, $.01 par value; no shares were issued or outstanding at January 31, 2004 or February 1, 2003.*

See Notes to Consolidated Financial Statements throughout pages 30-39.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	2003	2002	2001
		(millions)	

Operating activities			
Net earnings	**$ 1,841**	$ 1,654	$ 1,368
Reconciliation to cash flow:			
Depreciation and amortization	**1,320**	1,212	1,079
Bad debt provision	**532**	460	230
Deferred tax provision	**249**	248	49
Loss on disposal of fixed assets, net	**54**	67	52
Other non-cash items affecting earnings	**11**	159	160
Changes in operating accounts providing/(requiring) cash:			
Accounts receivable	**(744)**	(2,194)	(1,193)
Inventory	**(583)**	(311)	(201)
Other current assets	**(255)**	15	(91)
Other assets	**(196)**	(174)	(178)
Accounts payable	**764**	524	584
Accrued liabilities	**57**	(21)	29
Income taxes payable	**91**	(79)	124
Other	**19**	30	—
Cash flow provided by operations	**3,160**	1,590	2,012
Investing activities			
Expenditures for property and equipment	**(3,004)**	(3,221)	(3,163)
Increase in receivable-backed securities	**—**	—	(174)
Proceeds from disposals of property and equipment	**85**	32	32
Other	**—**	—	(5)
Cash flow required for investing activities	**(2,919)**	(3,189)	(3,310)
Financing activities			
Decrease in notes payable, net	**(100)**	—	(808)
Additions to long-term debt	**1,200**	3,153	3,250
Reductions of long-term debt	**(1,172)**	(1,071)	(793)
Dividends paid	**(237)**	(218)	(203)
Repurchase of stock	**—**	(14)	(20)
Other	**26**	8	15
Cash flow (required for)/provided by financing activities	**(283)**	1,858	1,441
Net (decrease)/increase in cash and cash equivalents	**(42)**	259	143
Cash and cash equivalents at beginning of year	**758**	499	356
Cash and cash equivalents at end of year	**$ 716**	$ 758	$ 499

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 $781 million, $853 million and $666 million during 2003, 2002 and 2001, respectively. Cash paid for interest (including interest capitalized) was $550 million, $526 million and $477 million during 2003, 2002 and 2001, respectively.

See Notes to Consolidated Financial Statements throughout pages 30-39.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' INVESTMENT

	Common Stock Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
	(millions, except footnotes)					
February 3, 2001	897.8	$ 75	$ 902	$ 5,542	$ —	$ 6,519
Consolidated net earnings	—	—	—	1,368	—	1,368
Dividends declared	—	—	—	(203)	—	(203)
Repurchase of stock	(.5)	—	—	(20)	—	(20)
Issuance of stock for ESOP	2.6	—	89	—	—	89
Stock options and awards:						
Tax benefit	—	—	63	—	—	63
Proceeds received, net	5.3	—	44	—	—	44
February 2, 2002	905.2	75	1,098	6,687	—	7,860
Consolidated net earnings	—	—	—	1,654	—	1,654
Other comprehensive income	—	—	—	—	4	4
Total comprehensive income						1,658
Dividends declared	—	—	—	(218)	—	(218)
Repurchase of stock	(.5)	—	—	(16)	—	(16)
Issuance of stock for ESOP	3.0	1	105	—	—	106
Stock options and awards:						
Tax benefit	—	—	26	—	—	26

Proceeds received, net	2.1	—	27	—	—	27
February 1, 2003	909.8	76	1,256	8,107	4	9,443
Consolidated net earnings	—	—	—	1,841	—	1,841
Other comprehensive income	—	—	—	—	(1)	(1)
Total comprehensive income						1,840
Dividends declared	—	—	—	(246)	—	(246)
Repurchase of stock	(1.5)	—	—	(57)	—	(57)
Issuance of stock for ESOP	0.6	—	17	—	—	17
Stock options and awards:						
Tax benefit	—	—	28	—	—	28
Proceeds received, net	2.9	—	40	—	—	40
January 31, 2004	**911.8**	**$ 76**	**$ 1,341**	**$ 9,645**	**$ 3**	**$ 11,065**

Common Stock *Authorized 6,000,000,000 shares, $.0833 par value; 911,808,051 shares issued and outstanding at January 31, 2004; 909,801,560 shares issued and outstanding at February 1, 2003; 905,164,702 shares issued and outstanding at February 2, 2002.*

In January 1999 and March 2000, our Board of Directors authorized the aggregate repurchase of $2 billion of our common stock. In 2001, common stock repurchases under our program were essentially suspended. Our common stock repurchases are recorded net of the premium received from put options. Repurchases are made primarily in open market transactions, subject to market conditions.

Our common stock repurchase program has included 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. No put options were sold during or were outstanding at the end of 2003, 2002 or 2001.

Preferred Stock *Authorized 5,000,000 shares, $.01 par value; no shares were issued or outstanding at January 31, 2004, February 1, 2003 or February 2, 2002.*

Junior Preferred Stock Rights *In 2001, we declared a distribution 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 twelve-hundredth of a share of a new series of junior participating preferred stock at an exercise price of $125.00, 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.*

Dividends *Dividends declared per share were $0.27, $0.24 and $0.225 in 2003, 2002 and 2001, respectively.*

See Notes to Consolidated Financial Statements throughout pages 30-39.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Accounting Policies

Organization Target Corporation (the Corporation) is a general merchandise retailer, comprised of three operating segments: Target, Mervyn's and Marshall Field's. Our segments are primarily determined by the nature of the products and services offered to our guests. Target, an upscale discount chain located in 47 states, contributed 86 percent of our 2003 total revenues. Mervyn's, a middle-market promotional department store located in 14 states in the West, South and Midwest, contributed 7 percent of total revenues. Marshall Field's (including stores formerly named Dayton's and Hudson's), a traditional department store located in 8 states in the upper Midwest, contributed 5 percent of total revenues. Management measures segment performance based on pre-tax segment profit, which includes credit card operations. Credit card operations drive revenue growth at each segment and are considered an integral component of our retail operations. Business segment comparisons are presented on page 38.

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 accounting principles generally accepted in the United States (GAAP), 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 2003, 2002 and 2001 each consisted of 52 weeks.

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

Stock-based Compensation In 2003, we adopted Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation," in accordance with the prospective transition method prescribed in SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure" and began recognizing compensation expense for stock options granted during the year. Compensation expense is reflected in selling, general and administrative expenses. Prior to 2003, we accounted for stock option awards under the intrinsic value method prescribed in Accounting Principles Board (APB) No. 25, "Accounting for Stock Issued to Employees" which resulted in no compensation expense because the exercise price of the stock options was equal to the fair market value of the underlying stock on the grant date. The pro forma impact of accounting for those awards at fair value is disclosed on page 35.

Revenues

Revenue from retail sales is recognized at the time of sale. Commissions earned on sales generated by leased departments are included within sales and were $38 million in 2003, $33 million in 2002 and $37 million in 2001. Net credit card revenues are comprised of finance charges and late fees from credit card holders, as well as third-party merchant fees earned from the use of our Target Visa credit card. Net credit card revenues are recognized according to the contractual provisions of each applicable credit card agreement. If an account is written-off, any uncollected finance charges or late fees are recorded as a reduction of credit card revenue. The amount of our retail sales charged to our credit cards was $5.3 billion, $5.4 billion and $5.6 billion in 2003, 2002 and 2001, respectively. Prior to August 22, 2001, net credit card revenues are net of the payments made to holders of publicly held receivable-backed securities.

Consideration Received from Vendors

We collect vendor income primarily as a result of our promotional, advertising and compliance programs. Promotional and advertising allowances are intended to offset our costs of promoting and selling the vendor's merchandise in our stores and are recognized when we incur the cost or complete the promotion. Under our compliance programs, vendors are charged for merchandise shipments that do not meet our requirements, such as late or incomplete shipments, and we record these allowances when the violation occurs. Vendor income either reduces our inventory costs or our operating expenses based on the requirements of Emerging Issues Task Force (EITF) Issue No. 02-16, "Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor" as discussed below.

In the first quarter of 2003, we adopted EITF No. 02-16. In accordance with EITF No. 02-16, certain vendor income items have been reclassified from operating expenses to inventory purchases and recognized into income as the vendors' merchandise is sold. The guidance was applied on a prospective basis only as required by EITF No. 02-16. This reclassification had no material impact on sales, cash flows or financial position for any period, and had a slight negative impact on net earnings.

In the fourth quarter of 2003, we adopted EITF No. 03-10, "Application of Issue 02-16 by Resellers to Sales Incentives Offered to Consumers by Manufacturers," which amends EITF No. 02-16. The adoption of EITF No. 03-10 did not have a material impact on net earnings, cash flows or financial position. The requirements of EITF No. 02-16 and EITF No. 03-10 are discussed in Management's Discussion and Analysis on pages 24-25.

Buying and Occupancy Expenses

Buying expenses primarily consist of salaries and expenses incurred by the Corporation's merchandising operations, while our occupancy expenses primarily consist of rent, depreciation, property taxes and other operating costs of our retail and distribution facilities. Buying and occupancy expenses classified in selling, general and administrative expenses were $1.5 billion, $1.4 billion and $1.2 billion in 2003, 2002 and 2001, respectively. In addition, we recorded $1 billion, $934 million and $814 million of depreciation expense for our retail and distribution facilities in 2003, 2002 and 2001, respectively.

Advertising Costs

Advertising costs, included in selling, general and administrative expense, are expensed as incurred and were $1,249 million, $962 million and $924 million for 2003, 2002 and 2001, respectively. Advertising vendor income recorded within advertising expense was approximately $78 million, $251 million and $231 million for 2003, 2002 and 2001, respectively.

Earnings per Share

Basic earnings per share (EPS) is net earnings divided by the average number of common shares outstanding during the period. Diluted EPS includes the incremental shares that are assumed to be issued on the exercise of stock options. Shares issuable upon exercise of approximately 4.5 million options outstanding at January 31, 2004 were not included in the dilutive earnings per share calculation because the effect would have been antidilutive. At February 1, 2003, 13.2 million shares were excluded from the dilutive earnings per share calculation. No such shares were excluded from the dilutive earnings per share calculation at February 2, 2002.

	Basic EPS			Diluted EPS		
	2003	2002	2001	2003	2002	2001
(millions, except per share data)						
Net earnings	**$ 1,841**	$ 1,654	$ 1,368	**$ 1,841**	$ 1,654	$ 1,368
Basic weighted average common shares outstanding	**911.0**	908.0	901.5	**911.0**	908.0	901.5
Stock options	**—**	—	—	**6.1**	6.0	8.3
Weighted average common shares outstanding	**911.0**	908.0	901.5	**917.1**	914.0	909.8
Earnings per share	**$ 2.02**	$ 1.82	$ 1.52	**$ 2.01**	$ 1.81	$ 1.50

Other Comprehensive Income

Other comprehensive income includes revenues, expenses, gains and losses that are excluded from net earnings under GAAP. In 2003 and 2002, it primarily included gains and losses on certain hedge transactions and the change in our minimum pension liability, net of related taxes.

Cash Equivalents

Cash equivalents represent short-term investments with a maturity of three months or less from the time of purchase and were $244 million, $357 million and $84 million in 2003, 2002 and 2001, respectively.

Accounts Receivable and Receivable-backed Securities

Accounts receivable is recorded net of an allowance for expected losses. The allowance, recognized in an amount equal to the anticipated future write-offs based on delinquencies, risk scores, aging trends, industry risk trends and our historical experience, was $419 million at January 31, 2004 and $399 million at February 1, 2003.

Through our special purpose subsidiary, Target Receivables Corporation (TRC), we transfer, on an ongoing basis, substantially all of our receivables to the Target Credit Card Master Trust (the 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 Trust's assets securing the financing transactions entered into by the Trust and the 2 percent of Trust assets held by Retailers National Bank (RNB). RNB is a wholly owned subsidiary of the Corporation that also services receivables. The Trust assets and the related income and expenses are reflected in each operating segment's assets and operating results based on the origin of the credit card giving rise to the receivable.

Concurrent with our August 22, 2001 issuance of receivable-backed securities from the Trust, SFAS No. 140 (which replaced SFAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," in its entirety) became the accounting guidance applicable to such transactions. While this accounting requires secured financing treatment of the securities issued by the Trust on our consolidated financial statements, the assets within the Trust are still considered sold to our wholly owned, bankruptcy remote subsidiary, TRC, and are not available to general creditors of the Corporation.

Beginning on August 22, 2001, our consolidated financial statements reflected the obligation to holders of previously sold receivable-backed securities as debt of TRC and the receivables at fair value in place of the previously recorded retained interests related to the sold securities. This resulted in a pre-tax charge of $67 million ($.05 per share). On August 22, 2001, the Trust's entire portfolio of receivables was reflected on our consolidated financial statements at its fair value, which was based upon the expected performance of the underlying receivables portfolio. At that point in time, fair value was equivalent in amount to face value, net of an appropriate allowance.

Prior to August 22, 2001, income on the receivable-backed securities was accrued based on the effective interest rate applied to its cost basis, adjusted for accrued interest and principal paydowns. We monitored impairment of receivable-backed securities based on fair value. Permanent impairments were charged to earnings through credit expense in the period in which it was determined that the receivable-backed securities' carrying value was greater than their fair value. Permanent impairment charges on the receivables underlying the receivable-backed securities portfolio were $89 million in 2001. Permanent impairment charges in 2001 include only those losses prior to the consolidation of our special purpose entity on August 22, 2001.

Inventory

Substantially all of our inventory and the related cost of sales is accounted for under the retail inventory accounting method using the last-in, first-out (LIFO) basis. Inventory is stated at the lower of LIFO cost or market. The cumulative LIFO provision was $25 million and $52 million at year-end 2003 and 2002, respectively.

Inventory

	January 31, 2004	February 1, 2003
(millions)		
Target	**$ 4,282**	$ 3,748
Mervyn's	**486**	486
Marshall Field's	**326**	324
Other	**249**	202
Total inventory	**$ 5,343**	$ 4,760

Property and Equipment

Property and equipment are recorded at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over estimated useful lives. Depreciation expense for the years 2003, 2002 and 2001 was $1,286 million, $1,183 million and $1,049 million, respectively. Accelerated depreciation methods are generally used for income tax purposes. Repair and maintenance costs were $453 million, $416 million and $386 million in 2003, 2002 and 2001, respectively.

Estimated useful lives by major asset category are as follows:

Asset	Life (in years)
Buildings and improvements	8 - 39
Fixtures and equipment	4 - 15
Computer hardware and software	4

We adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" in the first quarter of 2002. In accordance with this guidance, all long-lived assets are reviewed when events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. The requirements of SFAS No. 144 are discussed in Management's Discussion and Analysis on page 25.

We review most assets at the store level, which is the lowest level of assets for which there are identifiable cash flows. The carrying amount of the store assets is compared to the expected undiscounted future cash flows to be generated by those assets over the estimated remaining useful life of the primary asset. Cash flows are projected for each store based upon historical results and expectations. In cases where the expected future cash flows and fair value are less than the carrying amount of the assets, those stores are considered impaired and the assets are written down to fair value. Fair value is based on appraisals or other reasonable methods to estimate fair value. Impairment losses are included in depreciation expense for held and used assets and included within selling, general and administrative expense on assets classified as held for sale. Our fixed asset impairment tests, performed in accordance with the applicable accounting guidance, assumed each of our segments would continue indefinitely. Changes in these assumptions could impact the results of our analysis. In both 2003 and 2002, impairment losses resulted in a financial statement impact of less than $.01 per share.

Goodwill and Intangible Assets

Goodwill and intangible assets are recorded within other long-term assets at cost less accumulated amortization. Amortization is computed on intangible assets with definite useful lives using the straight-line method over estimated useful lives that range from three to fifteen years. Amortization expense for the years 2003, 2002 and 2001 was $34 million, $29 million and $30 million, respectively. At January 31, 2004 and February 1, 2003, net goodwill and intangible assets were $364 million and $376 million, respectively. These assets included $155 million of goodwill and intangible assets with indefinite useful lives in both years, principally associated with Marshall Field's and target.direct.

As required, we adopted SFAS No. 142, "Goodwill and Other Intangible Assets," during the first quarter of 2002. In 2003 and 2002, the adoption of this statement reduced annual amortization expense by approximately $10 million (less than $.01 per share). The requirements of SFAS No. 142 are discussed in Management's Discussion and Analysis on page 25.

Discounted cash flow models were used in determining fair value for the purposes of the required annual goodwill impairment analysis. Management used other market data to validate the results of our analysis. No impairments were recorded in 2003, 2002 and 2001 as a result of the tests performed.

Other Long-term Assets

In addition to goodwill and intangible assets discussed above, the major components of other long-term assets at January 31, 2004 included pre-funded pension benefits, investments, deferred financing costs and derivatives. The increase in the long-term asset balance is primarily due to pre-funded pension contributions of $200 million partially offset by a $43 million reduction in the value of derivative assets that were outstanding at year-end. Our pension plan contributions are disclosed on page 36 and our derivative transactions are discussed on pages 33-34.

Accounts Payable

Our accounting policy is to reduce accounts payable when checks to vendors clear the bank from which they were drawn. Outstanding checks included in accounts payable were $1,325 million and $1,125 million at year-end 2003 and 2002, respectively.

Lines of Credit

At January 31, 2004, two committed credit agreements totaling $1.6 billion were in place through a group of 26 banks at specified rates. There were no balances outstanding at any time during 2003 or 2002 under these agreements.

Commitments and Contingencies

At January 31, 2004, our obligations included notes payable, notes and debentures of $10,925 million (discussed in detail under Long-term Debt and Notes Payable on page 33) and the present value of capital and operating lease obligations of $158 million and $998 million, respectively (discussed in detail under Leases on page 34). In addition, commitments for the purchase, construction, lease or remodeling of real estate, facilities and equipment were approximately $545 million at year-end 2003. Royalty commitments of approximately $80 million are due during the three-year period ending in 2007. Throughout the year, we enter into various commitments to purchase inventory. In addition to the accounts payable reflected in our Statements of Financial Position on page 27, we had commitments with various vendors for the purchase of inventory as of January 31, 2004. These purchase commitments are cancelable by their terms.

We are exposed to claims and litigation arising out of the ordinary course of business and use various methods to resolve these matters in a manner that serves the best interest of our shareholders and other constituents. The dispute resolution methods that we use include vigorous litigation, when necessary, and alternatives such as settlement discussions, where appropriate, to reduce the costs of litigation. Our policy is to fully disclose pending lawsuits and other known claims that we expect may have a material impact on our results of operations or financial condition. However, management, after consulting with legal counsel, does not believe the currently identified claims and litigation meet this criterion.

Long-term Debt and Notes Payable

At January 31, 2004, no notes payable were outstanding. The average amount of secured and unsecured notes payable outstanding during 2003 was $377 million at a weighted average interest rate of 1.2 percent. Notes payable balances can fluctuate significantly during the year due to seasonal financing needs and other factors. On October 31, 2003, our short-term borrowing reached its highest level for the year of $1,409 million.

At February 1, 2003, $100 million of notes payable secured by credit card receivables were outstanding. The average amount of secured and unsecured notes payable outstanding during 2002 was $170 million at a weighted average interest rate of 1.9 percent. During 2002, the highest level of short-term borrowing was $735 million.

At January 31, 2004, two committed credit agreements totaling $1.6 billion were in place through a group of 26 banks at specified rates. Of these credit lines, an $800 million credit facility expires in June 2004 and includes a one-year term-out option to June 2005. The remaining $800 million credit facility expires in June 2008. There were no balances outstanding at any time during 2003 or 2002 under these agreements.

In 2003, we issued $500 million of long-term debt maturing in 2008 at 3.38 percent, $200 million of long-term debt maturing in 2018 at 4.88 percent and $500 million of long-term debt maturing in 2013 at 4.00 percent. We also called or repurchased $297 million of long-term debt with an average remaining life of 20 years and a weighted average interest rate of 7.8 percent, resulting in a loss of $15 million (approximately $.01 per share).

In 2002, we issued $750 million of long-term debt maturing in 2009 at 5.38 percent, $1 billion of long-term debt maturing in 2012 at 5.88 percent and $600 million of long-term debt maturing in 2032 at 6.35 percent. Also during 2002, we issued $750 million of floating rate debt secured by credit card receivables, bearing interest at an initial rate of 1.99 percent maturing in 2007. We also called or repurchased $266 million of long-term debt with an average remaining life of 19 years and a weighted average interest rate of 8.8 percent, resulting in a loss of $34 million ($.02 per share).

The portion of long-term debt secured by credit card receivables is $1,500 million at January 31, 2004, $750 million of which matures in July 2004 and is classified as current portion of long-term debt. On February 1, 2003, we had $1,900 million of long-term debt secured by credit card receivables, $400 million of which was classified as current portion of long-term debt.

At year-end our debt portfolio, including adjustments related to swap transactions discussed in the following derivatives section, was as follows:

Long-term Debt and Notes Payable

	January 31, 2004		February 1, 2003	
	Rate*	**Balance**	**Rate***	**Balance**
		(millions)		
Notes payable	**—%**	**$ —**	1.4%	$ 100
Notes and debentures:				
Due 2003-2007	**2.8**	**3,498**	3.6	4,396
Due 2008-2012	**5.3**	**4,757**	5.8	4,249
Due 2013-2017	**4.4**	**560**	7.6	60
Due 2018-2022	**5.3**	**410**	9.3	217
Due 2023-2027	**6.8**	**200**	7.4	495
Due 2028-2032	**6.7**	**1,500**	6.7	1,500
Total notes payable, notes and debentures**	**4.7%**	**$ 10,925**	5.2%	$ 11,017
Capital lease obligations		**158**		144
Less: current portion		**(866)**		(975)
Long-term debt and notes payable		**$ 10,217**		$ 10,186

* *Reflects the weighted average stated interest rate as of year-end, including the impact of interest rate swaps.*

** *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 $11,720 million at January 31, 2004 and $11,741 million at February 1, 2003.*

Required principal payments on long-term debt and notes payable over the next five years, excluding capital lease obligations, are $857 million in 2004, $502 million in 2005, $752 million in 2006, $1,323 million in 2007 and $1,451 million in 2008.

Derivatives

Our derivative instruments are primarily interest rate swaps which hedge the fair value of certain debt by effectively converting interest from a fixed rate to a variable rate. We also hold derivative instruments to manage our exposure to risks associated with the effect of equity market returns on our non-qualified defined contribution plans as discussed on page 36.

At January 31, 2004 and February 1, 2003, interest rate swaps were outstanding in notional amounts totaling $2,150 million and $1,450 million, respectively. The change in market value of an interest rate swap as well as the offsetting change in market value of the hedged debt are recognized into earnings in the current period. Ineffectiveness results when changes in the market value of the hedged debt are not completely offset by changes in the market value of the interest rate swap. There was no ineffectiveness recognized in 2003 or 2002 related to these instruments. The fair value of outstanding interest rate swaps and unamortized gains from terminated interest rate swaps was $97 million at January 31, 2004 and $127 million at February 1, 2003.

During 2003, we entered into interest rate swaps with notional amounts of $200 million, $500 million and $400 million. We also terminated an interest rate swap with a notional amount of $400 million, resulting in a gain of $24 million that will be amortized into income over the life of the hedged debt. During 2002, we entered into interest rate swaps with notional amounts of $400 million and $500 million. An interest rate swap with a notional amount of

$400 million matured in 2002. We also terminated an interest rate swap with a notional amount of $500 million, resulting in a gain of $19 million that will be amortized into income over the life of the hedged debt. In 2003 and 2002, the gains amortized into income were not material to our results of operations.

Prior to 2003, we entered into rate lock agreements to hedge the exposure to variability in future cash flows of forecasted debt transactions. During 2002, transactions contemplated by these agreements occurred and the gain or loss was recorded as a component of other comprehensive income. The gain or loss will be reclassified into earnings in the periods during which the designated hedged cash flows affect earnings. These amounts are reflected in the Consolidated Statements of Financial Position. Cash flows from these hedging transactions are classified with the item being hedged.

Interest Rate Swaps Outstanding at Year-end

January 31, 2004			February 1, 2005		
Notional Amount	**Receive Fixed**	**Pay Floating***	**Notional Amount**	**Receive Fixed**	**Pay Floating***
			(millions)		
$ 500	**7.5%**	**1.2%**	$ 500	7.5%	1.5%
550	**4.6**	**1.3**	550	4.6	1.4
200	**4.9**	**1.1**	—	—	—
400	**4.4**	**1.4**	—	—	—
500	**4.4**	**1.2**	—	—	—
—	**—**	**—**	400	5.1	1.4

* *Reflects floating interest rate accrued at the end of the year.*

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

$183 million in 2003, $179 million in 2002 and $171 million in 2001. Most of the long-term leases include options to renew, with terms varying from one to 30 years. Certain leases also include options to purchase the property.

Future minimum lease payments required under noncancelable lease agreements existing at January 31, 2004, were:

Future Minimum Lease Payments

	Operating Leases	Capital Leases
	(millions)	
2004	$ 163	$ 21
2005	150	20
2006	136	19
2007	125	19
2008	111	19
After 2008	1,093	166
Total future minimum lease payments	$ 1,778	$ 264
Less: Interest*	(780)	(106)
Present value of minimum lease payments	$ 998	$ 158**

* *Calculated using the interest rate at inception for each lease (the weighted average interest rate was 8.6 percent).*

** *Includes current portion of $9 million.*

Income Taxes

Reconciliation of tax rates is as follows:

Tax Rate Reconciliation

	2003	2002	2001
Federal statutory rate	**35.0%**	35.0%	35.0%
State income taxes, net of federal tax benefit	**3.3**	3.4	3.3
Dividends on ESOP stock	**(.2)**	(.2)	(.1)
Work opportunity tax credits	**(.2)**	(.2)	(.2)
Other	**(.1)**	.2	—
Effective tax rate	**37.8%**	38.2%	38.0%

The components of the provision for income taxes were:

Income Tax Provision: Expense

	2003	2002	2001
		(millions)	
Current:			
Federal	**$ 751**	$ 663	$ 683
State	**121**	111	107
	872	774	790
Deferred:			
Federal	**219**	220	43
State	**28**	28	6
	247	248	49
Total	**$ 1,119**	$ 1,022	$ 839

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

Net Deferred Tax Asset/(Liability)

	January 31, 2004	February 1, 2003
	(millions)	
Gross deferred tax assets:		
Self-insured benefits	**$ 189**	$ 188
Deferred compensation	**241**	184
Inventory	**89**	106
Accounts receivable valuation allowance	**158**	151
Postretirement health care obligation	**42**	42
Other	**81**	77

	2003	2002
	800	748
Gross deferred tax liabilities:		
Property and equipment	**(938)**	(730)
Pension	**(218)**	(160)
Other	**(133)**	(98)
	(1,289)	(988)
Total	**$ (489)**	$ (240)

Other Long-term Liabilities

In addition to deferred taxes discussed above, the major components of other long-term liabilities at January 31, 2004 and February 1, 2003 included obligations for deferred compensation plan liabilities, workers' compensation/general liability costs, property related liabilities and postretirement health care benefits. The increase in the other long-term liability balance primarily represents increases in deferred compensation plan liabilities and workers' compensation/general liability costs of $127 million and $34 million, respectively,

offset by a decrease in property related liabilities of $31 million. Our current year postretirement health care and deferred compensation plan activity is discussed below.

Stock Option Plans

We have stock option plans for key employees and non-employee members of our Board of Directors. Our long-term incentive plans provide for the granting of stock options, performance share awards, restricted stock awards, or a combination of awards. Performance share awards represent shares issuable in the future based upon attainment of specified levels of future financial performance. A majority of the awards are non-qualified stock options that vest annually in equal amounts over a four-year period. These options expire no later than ten years after the date of the grant. Options granted to the non-employee members of our Board of Directors vest after one year and have a ten-year term. In early 2003, we stopped issuing new shares for our stock option plan and began purchasing shares from the market. The number of unissued common shares reserved for future grants under the stock option plans was 19,279,658 at January 31, 2004 and 24,091,318 at February 1, 2003.

Options and Performance Share Awards Outstanding

	Options				
	Total Outstanding		Currently Exercisable		
	Number of Options	Average Price*	Number of Options	Average Price*	Performance Shares Potentially Issuable
	(options and shares in thousands)				
February 3, 2001	32,258	$ 19.30	18,662	$ 12.36	—
Granted	4,805	40.52			
Canceled	(437)	30.41			
Exercised	(5,311)	9.42			
February 2, 2002	31,315	$ 24.07	17,629	$ 17.04	—
Granted	6,096	30.60			552
Canceled	(561)	35.55			
Exercised	(2,063)	12.22			
February 1, 2003	34,787	$ 25.73	21,931	$ 20.89	552
Granted	4,638	38.34			573
Canceled	(407)	34.77			
Exercised	(2,859)	12.58			
January 31, 2004	**36,159**	**$ 28.28**	**23,689**	**$ 24.48**	**1,125**

* *Weighted average exercise price.*

Options Outstanding

Range of Exercise Prices	Options Outstanding			Currently Exercisable	
	Number Outstanding	Average Life**	Average Price*	Number Exercisable	Average Price*
	(options in thousands)				
$5.53 - $9.99	5,058	2.2	$ 7.79	5,058	$ 7.79
$10.00 - $19.99	4,718	3.7	18.31	4,718	18.31
$20.00 - $29.99	3,500	4.5	25.92	3,467	25.92
$30.00 - $39.99	18,473	7.9	33.91	8,266	33.30
$40.00 - $44.83	4,410	7.8	40.84	2,180	40.81
Total $5.53 - $44.83	36,159	6.2	$ 28.28	23,689	$ 24.48

* *Weighted average exercise price.*

** *Weighted average contractual life remaining in years.*

In the first quarter of 2003, we adopted SFAS No. 123 in accordance with the prospective transition method prescribed in SFAS No. 148. The adoption of this method increased compensation expense by less than $.01 per share in 2003. The requirements of SFAS No. 123 and SFAS No. 148 are discussed in Management's Discussion and Analysis on page 24.

Awards granted in fiscal year 2002 and earlier will continue to be accounted for under the intrinsic value method prescribed in APB No. 25. No compensation expense related to options was recognized because the exercise price of our employee stock options equaled the market price of the underlying stock on the grant date. The expense related to the intrinsic value of performance-based and restricted stock awards issued was not significant to 2003 net earnings, cash flows or financial position. The pro forma impact of accounting for those awards at fair value will continue to be disclosed until the last of those awards vest in January of 2007. If we had elected to recognize compensation cost based on the fair value of the awards at the grant date, net earnings would have been the pro forma amounts shown below.

Pro Forma Earnings

	2003	2002	2001
	(millions, except per share data)		
Net earnings—as reported	**$ 1,841**	$ 1,654	$ 1,368
Stock-based employee compensation expense included in reported net earnings, net of tax	**3**	—	—
Stock-based employee compensation expense determined under fair value based method, net of tax	**(35)**	(31)	(28)
Net earnings—pro forma	**$ 1,809**	$ 1,623	$ 1,340
Earnings per share:			
Basic—as reported	**$ 2.02**	$ 1.82	$ 1.52
Basic—pro forma	**$ 1.99**	$ 1.79	$ 1.49
Diluted—as reported	**$ 2.01**	$ 1.81	$ 1.50
Diluted—pro forma	**$ 1.97**	$ 1.78	$ 1.47

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

	2003	2002	2001
Dividend yield	**.8%**	.8%	.6%
Volatility	**29%**	35%	30%
Risk-free interest rate	**3.0%**	3.0%	4.3%
Expected life in years	**5.0**	5.0	5.0
Weighted average fair value at grant date	**$ 11.04**	$ 10.07	$ 13.09

Defined Contribution Plans

Employees who meet certain eligibility requirements can participate in a defined contribution 401(k) plan by investing up to 80 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 initially invested in Target Corporation common stock. Benefits expense related to these matching contributions was $117 million, $111 million and $97 million in 2003, 2002 and 2001, respectively.

In addition, we maintain other non-qualified, unfunded plans that allow participants who are otherwise limited by qualified plan statutes or regulations to defer compensation and earn returns either tied to the results of our 401(k) plan investment choices or market levels of interest rates. We manage the risk of offering these retirement savings plans to this group of employees through a variety of means, including investing in vehicles that offset a substantial portion of our exposure to these returns. We recognized benefits expense for these non-qualified plans of $86 million and $11 million in 2003 and 2001, respectively, and income of $20 million in 2002. Including the impact of these related investments, net benefits expense resulting from these plans was $28 million, $16 million and $15 million in 2003, 2002 and 2001, respectively. We adjusted our position in some of these investment vehicles resulting in the repurchase of 1.5 million, 0.5 million and 0.5 million shares of our common stock in 2003, 2002 and 2001, respectively.

Additionally, during 2002, certain non-qualified pension and survivor benefits owed to current executives were exchanged for deferrals in a non-qualified plan and certain retired executives accepted our offer to exchange our obligation to them in a frozen non-qualified plan for deferrals in the plan. These exchanges resulted in pre-tax net expense of $33 million ($.02 per share). In 2003, additional retired executives accepted our offer to exchange our obligation to them in the frozen non-qualified plan for deferrals in the plan, which resulted in a pre-tax net expense of $17 million ($.01 per share). We expect lower future expenses as a result of these transactions because they were designed to be economically neutral or slightly favorable to us.

Participants in our non-qualified plans deferred compensation of $42 million, $35 million and $33 million in 2003, 2002 and 2001, respectively.

Pension and Postretirement Health Care Benefits

We have qualified defined benefit pension plans that cover all employees who meet certain age, length of service and hours worked per year requirements. We also have unfunded non-qualified pension plans for employees who have qualified plan compensation restrictions. 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.

The Medicare Prescription Drug, Improvements and Modernization Act of 2003 (the Act) was signed into law in December 2003. The Act introduces a prescription drug benefit under Medicare as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a prescription drug benefit. The accumulated benefit obligation and net periodic postretirement benefit cost reflected in our financial statements do not incorporate the effects of the Act. The accounting guidance has not been finalized and we expect the Act to have a minimal impact on our retirement plans.

Obligations and Funded Status at October 31, 2003

	Pension Benefits				Postretirement Healthcare Benefits	
	Qualified plans		Non-qualified Plans			
	2003	2002	2003	2002	2003	2002
	(millions)					
Change in Benefit Obligation						
Benefit obligation at beginning of measurement period	**$ 1,078**	$ 1,014	**$ 23**	$ 53	**$ 116**	$ 114
Service cost	**73**	57	**1**	1	**2**	2
Interest cost	**74**	72	**2**	3	**8**	8
Actuarial loss	**164**	59	**6**	—	**7**	2
Benefits paid	**(56)**	(50)	**(3)**	(5)	**(10)**	(10)
Plan amendments	**—**	(74)	**—**	—	**—**	—
Settlement	**—**	—	**—**	(29)	**—**	—

Benefit obligation at end of measurement period	**$ 1,333**	$ 1,078	**$ 29**	$ 23	**$ 123**	$ 116
Change in Plan Assets						
Fair value of plan assets at beginning of measurement period	**$ 1,058**	$ 1,033	**$ —**	$ —	**$ —**	$ —
Actual return on plan assets	**203**	(79)	**—**	—	**—**	—
Employer contribution	**200**	154	**3**	5	**10**	10
Benefits paid	**(56)**	(50)	**(3)**	(5)	**(10)**	(10)
Fair value of plan assets at end of measurement period	**$ 1,405**	$ 1,058	**$ —**	$ —	**$ —**	$ —
Funded status	**$ 72**	$ (20)	**$ (29)**	$ (23)	**$ (123)**	$ (116)
Unrecognized actuarial loss	**587**	530	**12**	6	**12**	7
Unrecognized prior service cost	**(65)**	(73)	**3**	3	**1**	1
Net amount recognized	**$ 594**	$ 437	**$ (14)**	$ (14)	**$ (110)**	$ (108)

Amounts recognized in the statements of financial position consist of:

	Pension Benefits				Postretirement Healthcare Benefits	
	Qualified plans		Non-qualified Plans			
	2003	2002	2003	2002	2003	2002
	(millions)					
Prepaid benefit cost	**$ 600**	$ 441	**$ —**	$ —	**$ —**	$ —
Accrued benefit cost	**(6)**	(4)	**(20)**	(20)	**(110)**	(108)
Intangible assets	**—**	—	**3**	4	**n/a**	n/a
Accumulated OCI	**—**	—	**3**	2	**n/a**	n/a
Net amount recognized	**$ 594**	$ 437	**$ (14)**	$ (14)	**$ (110)**	$ (108)

The accumulated benefit obligation for all defined benefit pension plans was $1,237 million and $939 million at October 31, 2003 and 2002, respectively. The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the pension plans with an accumulated benefit obligation in excess of plan assets were $34 million, $30 million and $1 million, respectively, as of October 31, 2003 and $31 million, $25 million and $2 million, respectively, as of October 31, 2002.

Net Pension and Postretirement Health Care Benefits Expense

	Pension Benefits			Postretirement Health Care Benefits		
	2003	2002	2001	2003	2002	2001
	(millions)					
Service cost benefits earned during the period	**$ 74**	$ 58	$ 50	**$ 2**	$ 2	$ 2
Interest cost on projected benefit obligation	**75**	75	69	**8**	8	8
Expected return on assets	**(114)**	(108)	(89)	**—**	—	—
Recognized losses	**18**	10	1	**1**	1	—
Recognized prior service cost	**(7)**	1	1	**—**	—	—
Settlement/curtailment charges	**—**	(12)	—	**—**	—	—
Total	**$ 46**	$ 24	$ 32	**$ 11**	$ 11	$ 10

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.

Assumptions

Weighted average assumptions used to determine benefit obligations at October 31:

	Pension Benefits		Postretirement Health Care Benefits	
	2003	2002	2003	2002
Discount rate	**6.25%**	7.00%	**6.25%**	7.00%
Average assumed rate of compensation increase	**3.25%**	4.00%	**n/a**	n/a

Weighted average assumptions used to determine net periodic benefit cost for years ended October 31:

	Pension Benefits		Postretirement Health Care Benefits	
	2003	2002	2003	2002
Discount rate	**7.00%**	7.25%	**7.00%**	7.25%
Expected long-term rate of return on plan assets	**8.50%**	9.00%	**n/a**	n/a
Average assumed rate of compensation increase	**4.00%**	4.25%	**n/a**	n/a

Our rate of return on qualified plans' assets has averaged 5.4 percent and 9.6 percent per year over the 5-year and 10-year periods ending October 31, 2003 (our measurement date). After that date, we reduced our expected long-term rate of return on plans' assets to 8.0 percent per year.

An increase in the cost of covered health care benefits of 6.0 percent was assumed for 2003 and 2004. The rate is assumed to remain at 6.0 percent in the future. The health care cost trend rate assumption may have a significant effect on the amounts reported.

A one percent change in assumed health care cost trend rates would have the following effects:

	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	$ (5)

Additional Information

Our pension plan weighted average asset allocations at October 31, 2003 and 2002 by asset category are as follows:

Asset Category

	2003	2002
Equity securities	**56%**	54%
Debt securities	**26**	24
Real estate	**5**	5
Other	**13**	17
Total	**100%**	100%

Our asset allocation strategy for 2004 targets 55 percent in equity securities, 25 percent in debt securities, 5 percent in real estate and 15 percent in other assets. Equity securities include our common stock in amounts substantially less than 0.5 percent of total plan assets at October 31, 2003 and 2002. Other assets includes private equity, mezzanine and distressed debt and timber. Our expected long-term rate of return assumptions as of October 31, 2003 are 8.5 percent, 5.5 percent, 7.0 percent and 10.0 percent for equity securities, debt securities, real estate and other assets, respectively.

Contributions

Given the qualified pension plans' funded position, we are not required to make any contributions in 2004. In similar situations in the past, we have chosen to make discretionary contributions for various purposes, including minimizing Pension Benefit Guaranty Corporation premium payments and maintaining the fully-funded status of the plans. In 2004, such discretionary contributions could range from $0 to $200 million. We expect to make contributions in the range of $5 million to $15 million to our other postretirement benefit plans in 2004.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	Pension Benefits	Postretirement Health Care Benefits
	(millions)	
2004	$ 59	$ 8
2005	62	9
2006	66	9
2007	70	10
2008	75	10
2009 - 2013	475	57

Business Segment Comparisons

	2003	2002	2001	2000*	1999	1998
			(millions)			
Revenues						
Target	**$ 41,346**	$ 36,917	$ 32,588	$ 29,278	$ 26,080	$ 23,014
Mervyn's	**3,553**	3,816	4,027	4,142	4,087	4,140
Marshall Field's	**2,584**	2,691	2,778	2,969	3,041	3,047
Other	**680**	493	433	462	449	434
Total revenues	**$ 48,163**	$ 43,917	$ 39,826	$ 36,851	$ 33,657	$ 30,635
Pre-tax segment profit and earnings reconciliation						
Target	**$ 3,467**	$ 3,088	$ 2,546	$ 2,223	$ 2,022	$ 1,578
Mervyn's	**160**	238	286	269	205	240
Marshall Field's	**107**	135	133	190	296	279
Total pre-tax segment profit	**$ 3,734**	$ 3,461	$ 2,965	$ 2,682	$ 2,523	$ 2,097
LIFO provision (expense)/credit	**27**	12	(8)	(4)	7	18
Securitization adjustments:						
Loss	**—**	—	(67)	—	—	(3)
Interest equivalent	**—**	—	(27)	(50)	(49)	(48)
Interest expense	**(559)**	(588)	(473)	(426)	(459)	(442)
Mainframe outsourcing	**—**	—	—	—	(5)	(42)
Other	**(242)**	(209)	(183)	(149)	(148)	(69)

Earnings before income taxes	**$ 2,960**	$ 2,676	$ 2,207	$ 2,053	$ 1,869	$ 1,511
Assets						
Target	**$ 25,525**	$ 22,752	$ 18,515	$ 14,348	$ 12,048	$ 10,475
Mervyn's	**2,243**	2,270	2,379	2,270	2,248	2,339
Marshall Field's	**2,153**	2,202	2,284	2,114	2,149	2,123
Other	**1,471**	1,379	976	758	698	729
Total assets	**$ 31,392**	$ 28,603	$ 24,154	$ 19,490	$ 17,143	$ 15,666
Depreciation and amortization						
Target	**$ 1,055**	$ 925	$ 784	$ 660	$ 567	$ 496
Mervyn's	**106**	122	126	131	138	138
Marshall Field's	**115**	125	135	133	133	135
Other	**44**	40	34	16	16	11
Total depreciation and amortization	**$ 1,320**	$ 1,212	$ 1,079	$ 940	$ 854	$ 780
Capital expenditures						
Target	**$ 2,690**	$ 2,966	$ 2,901	$ 2,244	$ 1,665	$ 1,352
Mervyn's	**145**	110	104	106	108	169
Marshall Field's	**141**	105	125	143	124	127
Other	**28**	40	33	35	21	9
Total capital expenditures	**$ 3,004**	$ 3,221	$ 3,163	$ 2,528	$ 1,918	$ 1,657
Segment net assets and shareholders' equity reconciliation						
Target	**$ 19,514**	$ 17,491	$ 13,812	$ 10,659	$ 8,413	$ 7,302
Mervyn's	**1,757**	1,749	1,868	1,928	1,908	2,017
Marshall Field's	**1,754**	1,822	1,764	1,749	1,795	1,785
Other	**675**	636	477	463	428	470
Total net assets	**$ 23,700**	$ 21,698	$ 17,921	$ 14,799	$ 12,544	$ 11,574
Securitized receivables	**—**	—	—	(753)	(753)	(753)
Marketable securities	**244**	357	84	—	—	44
Current portion of long-term debt and notes payable	**(866)**	(975)	(905)	(857)	(498)	(256)
Long-term debt	**(10,217)**	(10,186)	(8,088)	(5,634)	(4,521)	(4,452)
Deferred income taxes and other	**(1,796)**	(1,451)	(1,152)	(1,036)	(910)	(846)
Total shareholders' equity	**$ 11,065**	$ 9,443	$ 7,860	$ 6,519	$ 5,862	$ 5,311

Each operating segment's assets and operating results include accounts receivable and receivable-backed securities held by Target Receivables Corporation and Retailers National Bank, as well as related income and expense.

* *Consisted of 53 weeks.*

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 2003 and 2002:

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Total Year	
	2003	**2002**	**2003**	**2002**	**2003**	**2002**	**2003**	**2002**	**2003**	**2002**
	(millions, except per share data)									
Total revenues	**$ 10,322**	$ 9,594	**$ 10,984**	$ 10,068	**$ 11,286**	$ 10,194	**$ 15,571**	$ 14,061	**$ 48,163**	$ 43,917
Gross margin(a)	**$ 3,255**	$ 3,014	**$ 3,428**	$ 3,151	**$ 3,498**	$ 3,148	**$ 4,810**	$ 4,149	**$ 14,991**	$ 13,462
Net earnings	**$ 349**	$ 345	**$ 358**	$ 344	**$ 302**	$ 277	**$ 832**	$ 688	**$ 1,841**	$ 1,654
Basic earnings per share(b)	**$ .38**	$ .38	**$ .39**	$ .38	**$ .33**	$ .31	**$ .91**	$ .76	**$ 2.02**	$ 1.82
Diluted earnings per share(b)	**$ .38**	$ .38	**$ .39**	$ .38	**$ .33**	$ .30	**$ .91**	$ .75	**$ 2.01**	$ 1.81
Dividends declared per share(b)	**$ .060**	$ .060	**$ .070**	$ .060	**$ .070**	$ .060	**$ .070**	$ .060	**$ .270**	$ .240
Closing common stock price(c)										
High	**$ 33.44**	$ 45.72	**$ 39.82**	$ 44.94	**$ 41.54**	$ 37.25	**$ 40.15**	$ 35.74	**$ 41.54**	$ 45.72
Low	**$ 26.06**	$ 41.45	**$ 33.06**	$ 30.46	**$ 37.55**	$ 26.15	**$ 37.05**	$ 27.00	**$ 26.06**	$ 26.15

(a) *Gross margin is sales less cost of sales. Gross margin for first and second quarter have been adjusted to reflect the impact of EITF No. 02-16 reclassifications for those periods of $36 million and $31 million, respectively.*

(b) *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.*

(c) *Our common stock is listed on the New York Stock Exchange and Pacific Exchange. At March 22, 2004, there were 17,582 registered shareholders and the closing common stock price was $44.22 per share.*

Mervyn's Store Count

	No. of Stores	Retail Sq. Ft. (in thousands)
Arizona	15	1,205
California	126	9,783
Colorado	11	853
Idaho	1	82
Louisiana	6	450
Michigan	15	1,165
Minnesota	9	1,159
Nevada	7	512
New Mexico	3	267
Oklahoma	3	268
Oregon	7	554
Texas	42	3,345
Utah	8	754
Washington	13	1,177
Total	**266**	**21,574**

Marshall Field's Store Count

	No. of Stores	Retail Sq. Ft. (in thousands)
Illinois	17	4,908
Indiana	2	243
Michigan	21	4,828
Minnesota	12	3,069
North Dakota	3	295
Ohio	1	187
South Dakota	1	100
Wisconsin	5	816
Total	**62**	**14,447**

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 31, 2004 and February 1, 2003 and the related consolidated results of operations, cash flows and shareholders' investment for each of the three years in the period ended January 31, 2004. 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 31, 2004 and February 1, 2003 and the consolidated results of their operations and their cash flows for each of the three years in the period ended January 31, 2004 in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

Minneapolis, Minnesota
February 19, 2004

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.

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

Douglas A. Scovanner
Executive Vice President and
Chief Financial Officer

February 19, 2004

Report of Audit Committee

The Audit Committee met six times during fiscal 2003 to review the overall audit scope, plans for internal and independent audits, the Corporation's systems of internal control, emerging accounting issues, audit fees and benefit 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 2004, subject to the approval of the shareholders at the annual meeting.

February 19, 2004

QuickLinks

Financial Highlights

MANAGEMENT'S DISCUSSION AND ANALYSIS
Analysis of Operations
Revenues and Comparable-store Sales
Revenues and Comparable-store Sales Growth
Revenues per Square Foot
Gross Margin Rate
Selling, General and Administrative Expense Rate
Depreciation and Amortization
Pre-tax Segment Profit
Pre-tax Segment Profit and as a Percent of Revenues
Interest Expense
Credit Card Operations
Credit Card Contribution to Segment Profit
Receivables
Allowance for Doubtful Accounts
Other Credit Card Contribution Information
Fourth Quarter Results
Fourth Quarter Pre-tax Segment Profit and Percent Change from Prior Year
Critical Accounting Estimates

Analysis of Financial Condition
Liquidity and Capital Resources
Credit Ratings
Interest Coverage Ratio
Capital Expenditures
Number of Stores
Owned and Leased Store Locations
Commitments and Contingencies
Payments Due by Period
Legal Proceedings
Market Risk
Performance Objectives
Shareholder Return
Measuring Value Creation
New Accounting Pronouncements
2004 Adoptions
2003 Adoptions
2002 Adoptions
Forward-looking Statements

CONSOLIDATED RESULTS OF OPERATIONS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

CONSOLIDATED STATEMENTS OF CASH FLOWS

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' INVESTMENT

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Summary of Accounting Policies
Revenues
Consideration Received from Vendors
Buying and Occupancy Expenses
Advertising Costs
Earnings per Share
Other Comprehensive Income
Cash Equivalents
Accounts Receivable and Receivable-backed Securities
Inventory
Inventory
Property and Equipment
Goodwill and Intangible Assets
Other Long-term Assets
Accounts Payable
Lines of Credit
Commitments and Contingencies
Long-term Debt and Notes Payable
Long-term Debt and Notes Payable
Derivatives
Interest Rate Swaps Outstanding at Year-end
Leases
Future Minimum Lease Payments
Income Taxes
Tax Rate Reconciliation
Income Tax Provision: Expense
Net Deferred Tax Asset/(Liability)
Other Long-term Liabilities
Stock Option Plans
Options and Performance Share Awards Outstanding
Options Outstanding
Pro Forma Earnings
Defined Contribution Plans

Pension and Postretirement Health Care Benefits
Obligations and Funded Status at October 31, 2003
Net Pension and Postretirement Health Care Benefits Expense
Assumptions
Additional Information
Asset Category
Contributions
Estimated Future Benefit Payments
Business Segment Comparisons
Quarterly Results (Unaudited)
Mervyn's Store Count
Marshall Field's Store Count

Report of Independent Auditors
Board of Directors and Shareholders Target Corporation
Report of Management
Report of Audit Committee

Exhibit (21)

Target Corporation
(A Minnesota Corporation)

List of Subsidiaries
(As of March 22, 2004)

AMC Guatemala Sociedad Anonima (Guatemala)
AMC Honduras, S.A. (Honduras)
AMC Nicaragua (Nicaragua)
AMC(S) Pte., Ltd. (Singapore)
Amcrest Corporation (NY)
Amcrest France Sarl (Paris, France)
The Associated Merchandising Corporation (NY)
Associated Merchandising Corporation GmBH (Frankfurt, Germany)
Boulder Bridge I Development Corporation (MN)
Boulder Bridge II Development Corporation (MN)
Boulder Bridge III Development Corporation (CA)
Dayton Credit Company (MN)
Dayton Development Company (MN)
Dayton's Commercial Interiors, Inc. (MN)
Dayton's Iron Horse Liquors, Inc. (MN)
Eighth Street Development Company (MN)
HighBridge Company (MN)
HighBridge Music Company (MN)
Marshall Field's Chicago, Inc. (DE)
Mayfair Wine & Liquor Shop, Inc. (WI)
Mervyn's (CA)
Mervyn's Brands, Inc. (MN)
Mervyn's, Inc. (DE)
Retail Properties, Inc. (DE)
Retailers National Bank, N.A.
Rooftop, Inc. (MN)
STL of Nebraska, Inc. (MN)
Strata Merchandising, Ltd. (London, England)
SuperTarget Liquor of Colorado, Inc. (MN)
SuperTarget Liquor of Missouri, Inc. (MN)
SuperTarget Liquor of Texas, Inc. (TX)
Target Brands, Inc. (MN)
Target Capital Corporation (MN)
Target Connect, Inc. (MN)
Target Customs Brokers, Inc. (MN)
Target Foundation (a MN not-for-profit organization)
Target Global Trade, Inc. (MN)
Target Insurance Agency, Inc. (MN)
Target Receivables Corporation (MN)
Target Services, Inc. (MN)
Target Stores, Inc. (MN)
Westbury Holding Company (MN)

Exhibit 23

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 19, 2004, included in the 2003 Annual Report to Shareholders of Target Corporation.

Our audit also included the financial statement schedule of Target Corporation listed in Item 15(a). This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in Registration Statement Numbers 333-65347 and 333-82500 on Form S-3 and Registration Statement Numbers 33-6918, 33-64013, 333-30311, 33-66050, 333-75782, 333-27435, 333-86373, 333-103920 and 333-112260 on Form S-8 of our report dated February 19, 2004, with respect to the consolidated financial statements incorporated herein by reference, and our report included in the preceding paragraph with respect to the financial statement schedule included in this Annual Report (Form 10-K) of Target Corporation.

/s/ Ernst & Young LLP

Minneapolis, Minnesota
April 5, 2004

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, TIMOTHY R. BAER and JEFFREY A. PROULX 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, or other applicable form, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), including any and all exhibits, schedules, supplements, certifications and supporting documents thereto, including, but not limited to, the Form I1-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to 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 Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, 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, Form 144 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 25th day of January, 2004.

/s/ ROXANNE S. AUSTIN

Roxanne S. Austin

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, TIMOTHY R. BAER and JEFFREY A. PROULX 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, or other applicable form, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), including any and all exhibits, schedules, supplements, certifications and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to 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 Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, 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, Form 144 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 3rd day of February, 2004.

/s/ CALVIN DARDEN

Calvin Darden

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, TIMOTHY R. BAER and JEFFREY A. PROULX 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, or other applicable form, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), including any and all exhibits, schedules, supplements, certifications and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to 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 Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, 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, Form 144 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 23rd day of January, 2004.

/s/ ROGER A. ENRICO

Roger A. Enrico

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, TIMOTHY R. BAER and JEFFREY A. PROULX 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, or other applicable form, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), including any and all exhibits, schedules, supplements, certifications and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to 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 Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, 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, Form 144 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 l6th day of February, 2004.

/s/ WILLIAM W. GEORGE

William W. George

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, TIMOTHY R. BAER and JEFFREY A. PROULX 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, or other applicable form, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), including any and all exhibits, schedules, supplements, certifications and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to 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 Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, 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, Form 144 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 25th day of February, 2004.

MARGARET K. SIMMS
NOTARY PUBLIC
STATE OF COLORADO
My Commission Expires 2/8/2007
/s/ MARGARET K. SIMMS

/s/ ELIZABETH HOFFMAN

Elizabeth Hoffman

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, TIMOTHY R. BAER and JEFFREY A. PROULX 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, or other applicable form, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), including any and all exhibits, schedules, supplements, certifications and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to 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 Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, 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, Form 144 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 undersigne has signed below as of this 6th day of January, 2004.

/s/ MICHELE J. HOOPER

Michele J. Hooper

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, TIMOTHY R. BAER and JEFFREY A. PROULX 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, or other applicable form, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), including any and all exhibits, schedules, supplements, certifications and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to 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 Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, 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, Form 144 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 29th day of January, 2004.

/s/ JAMES A. JOHNSON

James A. Johnson

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, TIMOTHY R. BAER and JEFFREY A. PROULX 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, or other applicable form, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), including any and all exhibits, schedules, supplements, certifications and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to 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 Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, 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, Form 144 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 30th day of January, 2004.

/s/ RICHARD M. KOVACEVICH

Richard M. Kovacevich

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, TIMOTHY R. BAER and JEFFREY A. PROULX 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, or other applicable form, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), including any and all exhibits, schedules, supplements, certifications and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to 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 Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, 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, Form 144 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 30th day of January, 2004.

/s/ ANNE M. MULCAHY

Anne M. Mulcahy

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, TIMOTHY R. BAER and JEFFREY A. PROULX 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, or other applicable form, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), including any and all exhibits, schedules, supplements, certifications and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to 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 Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, 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, Form 144 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 11th day of February, 2004.

/s/ STEPHEN W. SANGER

Stephen W. Sanger

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, TIMOTHY R. BAER and JEFFREY A. PROULX 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, or other applicable form, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), including any and all exhibits, schedules, supplements, certifications and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to 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 Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, 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, Form 144 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 28th day of January, 2004.

/s/ WARREN R. STALEY

Warren R. Staley

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, TIMOTHY R. BAER and JEFFREY A. PROULX 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, or other applicable form, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), including any and all exhibits, schedules, supplements, certifications and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to 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 Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, 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, Form 144 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 23rd day of January, 2004.

/s/ GEORGE W. TAMKE

George W. Tamke

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, TIMOTHY R. BAER and JEFFREY A. PROULX 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, or other applicable form, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), including any and all exhibits, schedules, supplements, certifications and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to 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 Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, 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, Form 144 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 1st day of February, 2004.

/s/ SOLOMON D. TRUJILLO

Solomon D. Trujillo

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, TIMOTHY R. BAER and JEFFREY A. PROULX 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, or other applicable form, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), including any and all exhibits, schedules, supplements, certifications and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to 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 Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, 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, Form 144 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 29th day of January, 2004.

/s/ ROBERT J. ULRICH

Robert J. Ulrich

QuickLinks -- Click here to rapidly navigate through this document

Exhibit (31)A

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert J. Ulrich, certify that:

1. I have reviewed this Annual Report on Form 10-K of Target Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 5, 2004

/s/ ROBERT J. ULRICH

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

QuickLinks

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

QuickLinks -- Click here to rapidly navigate through this document

Exhibit (31)B

CERTIFICATION BY THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Douglas A. Scovanner, certify that:

1. I have reviewed this Annual Report on Form 10-K of Target Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 5, 2004

/s/ DOUGLAS A. SCOVANNER

Douglas A. Scovanner
Executive Vice President and Chief Financial Officer

QuickLinks

CERTIFICATION BY THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

QuickLinks -- Click here to rapidly navigate through this document

Exhibit (32)A

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K (the "Form 10-K") of Target Corporation, a Minnesota corporation (the "Company"), for the fiscal year ended January 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: April 5, 2004

/s/ ROBERT J. ULRICH

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

QuickLinks

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350 PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

QuickLinks -- Click here to rapidly navigate through this document

Exhibit (32)B

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K (the "Form 10-K") of Target Corporation, a Minnesota corporation (the "Company"), for the fiscal year ended January 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: April 5, 2004

/s/ DOUGLAS A. SCOVANNER

Douglas A. Scovanner
Executive Vice President and Chief Financial Officer

QuickLinks

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350 PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Use these links to rapidly review the document
Report of Independent Auditors

Exhibit 99.A

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

(Mark One)

/X/ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]**

For the fiscal year ended December 31, 2003

OR

/ / **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]**

For the transition period from ____________ to ____________

Commission File Number 1-6049

A. Full title of the plan and address of the plan, if different from that of the issuer named below: Target Corporation 401(k) Plan.

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

TARGET CORPORATION
1000 Nicollet Mall
Minneapolis, Minnesota 55403

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statement (Form S-8, Nos. 33-66050, 333-27435 and 333-103920) pertaining to the Target Corporation 401(k) Plan of our report dated March 12, 2004, with respect to the financial statements and schedules of the Target Corporation 401(k) Plan included in this Annual Report (Form 11-K) for the year ended December 31, 2003.

/s/ Ernst & Young LLP

Minneapolis, Minnesota
April 5, 2004

AUDITED FINANCIAL STATEMENTS AND SCHEDULES

Target Corporation 401(k) Plan
Years Ended December 31, 2003 and 2002

Target Corporation 401(k) Plan

Audited Financial Statements and Schedules

Years Ended December 31, 2003 and 2002

Contents

Report of Independent Auditors

Audited Financial Statements

Statements of Net Assets Available for Benefits
Statements of Changes in Net Assets Available for Benefits
Notes to Financial Statements

Schedules

Schedule H, Line 4i—Schedule of Assets (Held at End of Year)
Schedule H, Line 4j—Schedule of Reportable Transactions

Report of Independent Auditors

The Board of Directors
Target Corporation

We have audited the accompanying statements of net assets available for benefits of the Target Corporation 401(k) Plan (the Plan) as of December 31, 2003 and 2002, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan'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 net assets available for benefits of the Plan at December 31, 2003 and 2002, and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedules of assets (held at end of year) as of December 31, 2003 and reportable transactions for the year then ended are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedules are the responsibility of the Plan's management. These supplemental schedules have been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young

Minnesota, Minneapolis
March 12, 2004

Target Corporation 401(k) Plan

Statements of Net Assets Available for Benefits
(In 000s)

December 31, 2003

	Total	Participant-Directed Funds	Non-Participant-Directed Employer Match Funds
Assets			
Securities sold but not settled	$ 3,497	$ 1,329	$ 2,168
Receivables:			
Participants' 401(k) and after-tax contributions	33	33	—
Employer contribution	21	—	21
Interest	2,233	2,227	6
Total receivables	5,784	3,589	2,195
Investments	3,818,479	2,345,553	1,472,926
Total assets	3,824,263	2,349,142	1,475,121
Liabilities			
Investment settlements payable	143	143	—
Expenses payable	178	164	14
Withdrawals payable to participants	201	145	56
Total liabilities	522	452	70

	Total	Participant-Directed Funds	Non-Participant-Directed Employer Match Funds
Net assets available for benefits	**$ 3,823,741**	**$ 2,348,690**	**$ 1,475,051**

See accompanying notes.

Target Corporation 401(k) Plan

Statements of Net Assets Available for Benefits (continued)
(*In 000s*)

December 31, 2002

	Total	Participant-Directed Funds	Non-Participant-Directed Employer Match Funds
Assets			
Receivables:			
Participants' 401(k) and after-tax contributions	$ 55	$ 55	$ —
Employer contribution	33	—	33
Interest	1,965	1,955	10
Total receivables	2,053	2,010	43
Investments	3,070,753	1,895,721	1,175,032
Total assets	3,072,806	1,897,731	1,175,075
Liabilities			
Investment settlements payable	71	—	71
Expenses payable	813	496	317
Withdrawals payable to participants	157	136	21
Total liabilities	1,041	632	409
Net assets available for benefits	$ 3,071,765	$ 1,897,099	$ 1,174,666

See accompanying notes.

Target Corporation 401(k) Plan

Statements of Changes in Net Assets Available for Benefits
(*In 000s*)

Year Ended December 31, 2003

	Total	Participant-Directed Funds	Non-Participant-Directed Employer Match Funds
Participants' 401(k) and after-tax contributions	**$ 190,308**	**$ 190,308**	**$ —**
Employer contributions	**116,624**	**—**	**116,624**
Investment income:			
Interest (net)	**25,887**	**24,781**	**1,106**
Dividends	**16,267**	**6,199**	**10,068**
Total investment income	**42,154**	**30,980**	**11,174**
	349,086	**221,288**	**127,798**
Distributions to participants	**(271,391)**	**(198,505)**	**(72,886)**
Trustee fees	**(869)**	**(536)**	**(333)**
Administration fees	**(8,819)**	**(5,592)**	**(3,227)**
	(281,079)	**(204,633)**	**(76,446)**
Net realized and unrealized appreciation in fair value of investments	**683,969**	**364,915**	**319,054**
Interfund transfers	**—**	**70,021**	**(70,021)**
Net increase	**751,976**	**451,591**	**300,385**

Net assets available for benefits at beginning of year	**3,071,765**	**1,897,099**	**1,174,666**
Net assets available for benefits at end of year	**$ 3,823,741**	**$ 2,348,690**	**$ 1,475,051**

See accompanying notes.

Target Corporation 401(k) Plan

Statements of Changes in Net Assets Available for Benefits (continued)
(*In 000s*)

Year Ended December 31, 2002

	Total	Participant-Directed Funds	Non-Participant-Directed Employer Match Funds
Participants' 401(k) and after-tax contributions	$ 180,842	$ 180,842	$ —
Employer contributions	110,594	—	110,594
Investment income:			
Interest (net)	27,548	26,206	1,342
Dividends	15,029	5,792	9,237
Total investment income	42,577	31,998	10,579
	334,013	212,840	121,173
Distributions to participants	(253,029)	(178,603)	(74,426)
Trustee fees	(750)	(479)	(271)
Administration fees	(8,930)	(6,328)	(2,602)
	(262,709)	(185,410)	(77,299)
Net realized and unrealized depreciation in fair value of investments	(778,429)	(356,430)	(421,999)
Interfund transfers	—	49,628	(49,628)
Net decrease	(707,125)	(279,372)	(427,753)
Net assets available for benefits at beginning of year	3,778,890	2,176,471	1,602,419
Net assets available for benefits at end of year	$ 3,071,765	$ 1,897,099	$ 1,174,666

See accompanying notes.

Target Corporation 401(k) Plan

Notes to Financial Statements

December 31, 2003

1. Description of the Plan

Employees of Target Corporation (the Company) who meet certain eligibility requirements of age and hours worked can participate in the Target Corporation 401(k) Plan (the Plan). Under the terms of the Plan, participants can invest up to 80% of their current gross cash compensation in the Plan, within Employee Retirement Income Security Act (ERISA) limits, in any combination of before-tax and/or after-tax contributions.

Participants identified as "highly compensated," as defined by Internal Revenue Code (Code) Section 414(q), are not allowed to make after-tax contributions and are limited to contributions of up to 5% of gross cash compensation (to a limit of $200,000 of compensation) on a before-tax basis, subject to certain Internal Revenue Service (IRS) limitations.

The Company matches 100% of all participants' 401(k) before- and after-tax contributions up to 5% of each participant's gross cash compensation. The Company's contributions to the Plan are invested in Company stock. These contributions are reflected in the column titled "Non-Participant-Directed Employer Match Funds" on the financial statements.

Participants become 20% vested in employer matching contributions immediately upon meeting plan eligibility requirements, 40% one year later, 70% two years later, and fully vested three years after becoming eligible to participate in the Plan. Participant contributions are fully vested at all times. Participants who leave the Plan forfeit unvested Company contributions, which are then used to reduce future Company contributions. For the years ended December 31, 2003 and 2002, forfeitures were $3.232 million and $2.556 million, respectively.

Participants may receive benefits upon termination, death, disability, or retirement as either a lump-sum amount equal to the vested value of their account or in installments, subject to certain plan restrictions. Participants may also withdraw some or all of their account balances prior to termination, subject to certain plan restrictions.

Expenses, including fund management fees (which are netted against investment interest income), trustee fees, monthly processing costs (including recordkeeping fees), quarterly statement preparation and distribution, and other third-party administrative expenses are the significant expenses paid by the Plan.

Participants are entitled to apply for up to two loans from the Plan, one for the purchase of a primary residence, the other a general purpose loan, subject to certain restrictions, as defined in the Plan. Repayment of loans, including interest, is allocated to participants' investment accounts in accordance with each participant's investment election in effect at the time of the repayment.

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants will become 100% vested in their accounts.

For more detailed information regarding the Plan, participants may refer to the Summary Plan Description (SPD) available from the Company.

---

2. Accounting Policies

Accounting Method

All investments are carried at fair market value except fully benefit-responsive investment contracts which are stated at contract value. Contract value represents contributions made under the contract, plus interest at the contract rate, less funds used to pay plan benefits. Common stock is valued at the quoted market price on the last business day of the plan year. Collective investment fund values are based on the fair value of the underlying securities (as determined by quoted market prices) as of the last business day of the plan year. Participant loans are valued at the unpaid principal balance, which approximates fair value.

Use of Estimates

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

Reclassifications

Certain 2002 amounts were reclassified to conform to the 2003 presentation.

3. Investments (In 000s)

The Plan allows participants to choose from among 14 investment funds. Participants may change their fund designations for past and future contributions on a daily basis.

The yield on the Plan's investment contracts for the years ended December 31, 2003 and 2002, ranged from 5.07% to 5.75% and 5.16% to 6.27%, respectively. According to the contracts, rates are adjusted quarterly. Fair value of the investment contracts was estimated to be approximately 105% and 106% of contract value for the years ended December 31, 2003 and 2002, respectively. Under the contracts, the issuer does not guarantee payment of withdrawals at contract value as a result of premature termination of the contract by the Plan or upon plan termination.

Fair value for synthetic contracts was estimated based on the market values of the underlying securities. Related wrap instruments for synthetic contracts were valued at the difference between the fair value of the underlying securities and the contract value attributable by the wrapper to such assets.

The Plan's investments are held by State Street Bank, the trustee. The Plan's investments, including investments bought and sold as well as held during the year, appreciated (depreciated) in fair value as follows:

		Net Appreciation (Depreciation) in Fair Value During Year
Year ended December 31, 2003:		
Collective investment funds	$	**154,583**
Target Corporation common stock		**529,386**
	$	**683,969**
Year ended December 31, 2002:		
Collective investment funds	$	(90,474)
Target Corporation common stock		(687,955)
	$	(778,429)

The fair value of individual investments representing 5% or more of the Plan's net assets is as follows:

December 31

	2003	2002
Target Corporation common stock	$ **2,371,885**	$ 1,920,170
State Street Bank & Trust Co. Flagship S&P 500 Index Fund	**249,491**	190,516
AIG Financial Products Group Annuity Contract No. 130221	**260,086**	213,633
Pacific Mutual Life Insurance Co. Group Annuity Contract No. 26255	**242,721**	209,653
Wells Fargo Bank Minnesota, N.A. Stable Return Fund	*	187,041

* Investment does not meet 5% threshold at December 31, 2003.

4. Transactions With Parties in Interest

During the years ended December 31, 2003 and 2002, the Plan engaged in the following transactions related to the Company's common stock:

	2003	2002
	(In 000s)	
Number of common shares purchased	**4,983**	8,627
Cost of common shares purchased	$ **173,356**	$ 325,270
Number of common shares sold	**6,916**	6,186
Market value of common shares sold	$ **240,834**	$ 245,949
Cost of common shares sold	$ **135,426**	$ 109,622
Number of common shares distributed in kind	**306**	378
Market value of common shares distributed in kind	$ **10,797**	$ 14,307
Cost of common shares distributed in kind	$ **6,005**	$ 6,787
Dividends received	$ **16,266**	$ 14,956

During 2003 and 2002, the Plan received match-related dividends of $10.068 million and $9.237 million, respectively, on Target Corporation common stock.

5. Reconciliation of Financial Statements to Form 5500 (in 000s)

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

	December 31	
	2003	2002
Net assets available for benefits per the financial statements	$ **3,823,741**	$ 3,071,765
Amounts payable to terminating participants	**(843)**	(1,125)
Net assets available for benefits per the Form 5500	$ **3,822,898**	$ 3,070,640

The following is a reconciliation of benefits paid to participants per the financial statements to the Form 5500:

	Year Ended December 31, 2003
Benefits paid to participants per the financial statements	$ 271,391
Subtract amounts payable to terminating participants at December 31, 2002	(1,125)
Add amounts payable to terminating participants at December 31, 2003	843
Benefits paid to participants per the Form 5500	$ 271,109

6. Income Tax Status

The Plan has received a determination letter from the IRS dated September 12, 2001, stating that the Plan is qualified under Section 401(a) of the Code and, therefore, the related trust is exempt from taxation. Subsequent to this issuance of the determination letter, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes the Plan, as amended, is qualified and the related trust is tax-exempt.

Schedules

Target Corporation 401(k) Plan

EIN: 41-0215170
Plan #002

Schedule H, Line 4i – Schedule of Assets
(Held at End of Year)

December 31, 2003

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Cost	Current Value
CASH EQUIVALENTS			
6,090,408	*State Street Bank & Trust Co. Short-Term Investment Fund	$ 6,090,408	$ 6,090,408
GROUP ANNUITY CONTRACTS			
244,675,715	American International Life Group (AIG) Financial Products Group Annuity Contract No. 130221, 5.61%, due 7/1/04	260,086,237	260,086,237
234,675,715	Pacific Mutual Life Insurance Co. Group Annuity Contract No. 26255, 5.52%, due 1/1/10	242,721,173	242,721,173
	Global Wrap Managers for GAC No. 130221 and 26255 Blackrock Financial Management, Inc., Goldman Sachs, NISA Investment Advisors, The Uifton Group Investment Management Co.	(23,455,980)	(23,455,980)
	TOTAL GROUP ANNUITY CONTRACTS	479,351,430	479,351,430
COLLECTIVE INVESTMENT FUNDS			
4,709,376	Wells Fargo Bank Minnesota, N.A. Stable Return Fund	163,420,924	168,350,779
1,731,389	Wells Fargo Bank Minnesota, N.A. Managed Synthetic Fund	20,000,000	24,975,163
1,251,032	*State Street Bank & Trust Co. Flagship S&P 500 Index Fund	194,577,552	249,490,829
5,533,278	*State Street Bank & Trust Co. Bond Market Index Fund	82,987,163	94,270,452
20,163	Barclays Global Investors BGI Real Estate Fund	2,415,993	2,491,540
233,180	*State Street Bank & Trust Co. Treasury Inflation Index Fund	3,338,946	3,353,358
12,952,657	*State Street Bank & Trust Co. Russell 3000 Fund	105,884,057	112,947,173
5,263,494	*State Street Bank & Trust Co. Russell 2000 Fund	75,820,922	92,153,251
1,573,669	*State Street Bank & Trust Co. EAFE Series A	13,297,918	15,192,199
2,892,322	*State Street Bank & Trust Co. Daily EAFE	26,199,922	35,451,192
724,385	Barclays Global Investors U.S. Tactical Asset Allocation Fund F	11,335,388	12,075,499
2,057,103	*State Street Bank & Trust Co. Emerging Market Stock Fund	18,663,492	21,214,905

4,621,112	Barclays Global Investors Growth Equity Fund F	40,733,801	37,939,330
2,791,348	Barclays Global Investors Value Equity Fund F	27,312,622	29,253,326
	TOTAL COLLECTIVE INVESTMENT FUNDS	785,988,700	899,158,996
COMMON STOCK			
61,767,842	*Target Corporation	1,257,896,234	2,371,885,133
PARTICIPANT LOANS			
61,792,951	Participant loans, interest rates ranging from 5.00% to 5.25%	—	61,992,951
	TOTAL ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR	$ 2,529,326,772	$ 3,818,478,918

*Indicates a party in interest to the Plan.

Target Corporation 401(k) Plan

EIN: 41-0215170
Plan #002

Schedule H, Line 4j – Schedule of Reportable Transactions

Year Ended December 31, 2003

Identity of Party Involved	Description of Asset	Purchase Price	Selling Price	Cost of Asset	Current Value of Asset on Transaction Date	Net Gain/ (Loss)
Category (iii) – Series of Transactions in Excess of 5% of Plan Assets						
Target Corporation common stock	4,983,347 units purchased in 56 transactions	$ 173,356,073	$ —	$ 173,356,073	$ —	$ —
	7,221,164 units sold in 212 transactions	—	251,631,565	141,430,731	251,631,565	110,200,834
State Street Bank & Trust Co. Short-Term Investment Fund	446,156,596 units purchased in 117 transactions	446,156,596	—	446,156,596	—	—
	448,351,207 units sold in 133 transactions	—	448,351,207	448,351,207	448,351,207	—

There were no category (i), (ii), or (iv) transactions for the year ended December 31, 2003.

QuickLinks -- Click here to rapidly navigate through this document

Exhibit (99)C.

CAUTIONARY STATEMENTS RELATING TO FORWARD-LOOKING INFORMATION.

The Corporation 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 that management 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 Corporation, include traditional and off-price store-based retailers, Internet and catalog businesses, drug stores, supermarkets, entertainment and travel providers and other forms of retail commerce. Unanticipated changes in the pricing and other practices of those competitors, including the effects of competitor liquidation activities, 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 Card Operations

The Corporation's credit card 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

---

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 Corporation'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, energy costs 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 Corporation'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.

Review of Strategic Alternatives

We have engaged Goldman, Sachs & Co. as our financial advisor to review various strategic alternatives for our Mervyn's and Marshall Field's divisions. The alternatives to be evaluated include, but are not limited to, the possible sale of one or both of these divisions as ongoing businesses to existing retailers or other qualified buyers. We are uncertain as to what impact any particular strategic alternative will have on our operating results or stock price if accomplished or whether any transaction will even occur as a result of this review. Other uncertainties and risks relating to our review of strategic alternatives include:

-

- the review of strategic alternatives may disrupt our operations, affect morale, distract management and result in the loss of guests, team members and business partners, which could have a material adverse effect on our operating results;

- the process of reviewing strategic alternatives may be more time consuming and expensive than we currently anticipate; and

- we may not be able to identify strategic alternatives that are worth pursuing.

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;
- the achievement of our growth objectives;

- shifts in the seasonality of shopping patterns;
- labor strikes or other work interruptions;
- changes in health care costs;
- the impact of excess retail capacity in our markets;
- material acquisitions or dispositions;
- investments in new business strategies;
- the success or failure of significant new business ventures or technologies;
- adverse results in material litigation;
- actions taken or omitted to be taken by legislative, regulatory, judicial and other governmental authorities and officials;
- our ability to react in a timely manner and maintain our critical business processes and information systems capabilities in a disaster recovery situation; or
- natural disasters, the outbreak of war, acts of terrorism or other significant national or international events.

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

QuickLinks

[CAUTIONARY STATEMENTS RELATING TO FORWARD-LOOKING INFORMATION.]
[Competitive Pressures]
[Consumer Trends]
[Credit Card Operations]
[General Economic Conditions]
[Labor Conditions]
[Product Sourcing]
[Review of Strategic Alternatives]
[Other Factors]