UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(MARK ONE)

/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED JANUARY 31, 1998
OR
/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM --------- TO ---------

COMMISSION FILE NUMBER 1-6049

DAYTON HUDSON CORPORATION

(Exact name of registrant as specified in its charter)

MINNESOTA	41-0215170
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
777 NICOLLET MALL, MINNEAPOLIS, MINNESOTA	55402-2055
(Address of principal executive offices)	(Zip Code)

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

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 $.1667 per share	New York Stock Exchange Pacific Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange Pacific Stock 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. / /

Aggregate market value of the voting stock held by non-affiliates of the Registrant on March 20, 1998 was $19,584,392,909, based on the closing price of $42.53 per share of Common Stock as reported on the New York Stock Exchange--Composite Index and $2,636.25 per share of Series B ESOP Convertible Preferred Stock as determined by Duff & Phelps. (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 20, 1998: 438,699,386 shares of common stock, par value $.1667.

All references to Common Stock in this Form 10-K reflect the Registrant's April 1998 two-for-one Common Stock split.

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of Registrant's 1997 Annual Report to Shareholders are incorporated into Parts I and II.

2. Portions of Registrant's Proxy Statement dated April 14, 1998 are incorporated into Part III.

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PART I

ITEM 1. BUSINESS.

The first paragraph of Fourth Quarter Results, Page 20; Analysis of Financial Condition, Page 21; Performance Objectives, Page 22; Guest Credit, Page 23; Business Segment Comparisons, excluding years 1992-1994, Page 25; first textual paragraph of Summary of Accounting Policies--Organization, Page 26; Quarterly Results (Unaudited), Page 35; the information relating to store locations on Page 16 and the information relating to number of employees on Page 37, excluding years 1992-1994, of Registrant's 1997 Annual Report to Shareholders are incorporated herein by reference. Registrant was incorporated in Minnesota in 1902.

ITEM 2. PROPERTIES.

Leases, Page 31 and the list of store locations on Page 16 of Registrant's 1997 Annual Report to Shareholders are incorporated herein by reference.

ITEM 3. LEGAL PROCEEDINGS.

Commitments and Contingencies, Page 29 of Registrant's 1997 Annual Report to Shareholders is incorporated herein by reference.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY-HOLDERS.

Not Applicable.

ITEM X. EXECUTIVE OFFICERS OF THE REGISTRANT.

The executive officers of the Registrant as of April 1, 1998 and their positions and ages, are as follows:

NAME	TITLE	AGE
Robert J. Ulrich	Chairman, Chief Executive Officer, Chairman of the Executive Committee and Director of Registrant; Chairman and Chief Executive Officer of Target (a division of Registrant)	54
Kenneth B. Woodrow	President of Target	53
Larry V. Gilpin	Executive Vice President Team, Guest and Community Relations of Target	54
Robert G. McMahon	Senior Vice President, Property Development of Target	49
John E. Pellegrene	Executive Vice President, Marketing of Target	61
Gregg W. Steinhafel	Executive Vice President, Merchandising of Target	43
Bart Butzer	President of Mervyn's (a subsidiary of Registrant)	42
Shannon M. Buscho	Executive Vice President, Stores of Mervyn's	46
Linda L. Ahlers	President of the Department Store Division (a division of Registrant)	47
James T. Hale	Senior Vice President, General Counsel and Secretary of Registrant	57
Douglas A. Scovanner	Senior Vice President and Chief Financial Officer of Registrant	42
Vivian M. Stephenson	Senior Vice President and Chief Information Officer of Registrant	60
Gerald L. Storch	President, Credit and Senior Vice President, Strategic Business Development of Registrant	41
JoAnn Bogdan	Controller and Chief Accounting Officer of Registrant	45

Each officer is elected by and serves at the pleasure of the Board of Directors. There is no family relationship between any of the officers named nor is there any arrangement or understanding pursuant to which any person was selected as an officer. The period of service of each officer in the positions listed and other business experience as of April 1, 1998 is set forth below.

ROBERT J. ULRICH Chairman of the Board, Chief Executive Officer, Chairman of the Executive Committee and Director of Registrant since 1994. Chairman and Chief Executive Officer of Target since 1987.

KENNETH B. WOODROW President of Target since 1994, Vice Chairman of Target from 1993 to 1994 and Executive Vice President of Target from 1989 to 1993.

LARRY V. GILPIN Executive Vice President of Target since 1995 and Senior Vice President of Target from 1981 to 1995.

ROBERT G. MCMAHON Senior Vice President of Target since 1991 and Vice President of Target from 1990 to 1991.

JOHN E. PELLEGRENE Executive Vice President of Target since 1995 and Senior Vice President of Target from 1988 to 1995.

GREGG W. STEINHAFEL Executive Vice President of Target since 1994 and Senior Vice President and General Merchandise Manager of Target from 1987 to 1994.

BART BUTZER President of Mervyn's since March 1997 and Regional Senior Vice President of Target from 1991 to 1997.

SHANNON M. BUSCHO Executive Vice President, Stores of Mervyn's since December 1996 and Senior Vice President, Stores of Mervyn's from January 1996 to December 1996. She has held various management positions at Mervyn's for over five years and was first elected a Vice President in 1994.

LINDA L. AHLERS President of the Department Store Division since February 1996 and Executive Vice President, Merchandising of the Department Store Division from August 1995 to February 1996. Senior Vice President of Target from 1989 to 1995.

JAMES T. HALE Senior Vice President, Secretary and General Counsel of Registrant since 1981.

DOUGLAS A. SCOVANNER Senior Vice President and Chief Financial Officer of Registrant since 1994. Treasurer of Registrant in 1994. Senior Vice President, Finance of Fleming Companies, Inc. (a food wholesaler) from 1992 to 1994. Vice President and Treasurer of Coca-Cola Enterprises, Inc. (a soft drink bottler) from 1986 to 1992.

VIVIAN M. STEPHENSON Senior Vice President of Registrant since 1995. Senior Vice President, MIS of Mervyn's from 1994 to 1995 and Vice President, MIS of Mervyn's from 1990 to 1994.

GERALD L. STORCH President, Credit and Senior Vice President, Strategic Business Development of Registrant since May 1997. Senior Vice President of Registrant since 1993. Principal with McKinsey & Company (a consulting firm) from 1982 to 1993.

JOANN BOGDAN Controller and Chief Accounting Officer of Registrant since 1993. Assistant Controller of Registrant from 1988 to 1993.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

Dividends Declared Per Share and Common Stock price, Page 35 of Registrant's 1997 Annual Report to Shareholders are incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA.

The Data on years 1993-1997 in the Summary Financial and Operating Data (excluding 1992 and Other Data), Page 37.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Management's Discussion and Analysis, Pages 17-24 and the second textual paragraph of Post-retirement Health Care Benefits, Page 34 of Registrant's 1997 Annual Report to Shareholders are incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Pages 25-35 and 37 (excluding years 1992-1994 on Page 25 and 1992 and Other Data in the Summary Financial and Operating Data on Page 37) and the Report of Independent Auditors, Page 36 of Registrant's 1997 Annual Report to Shareholders are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not Applicable

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Election of Directors, Pages 6-11 of Registrant's Proxy Statement dated April 14, 1998, is incorporated herein by reference. See also Item X of Part I hereof.

ITEM 11. EXECUTIVE COMPENSATION.

Executive Compensation, Pages 12-17, Report of the Compensation Committee on Executive Compensation, pages 18-22 and Director Compensation, Page 10 of Registrant's Proxy Statement dated April 14, 1998, are incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

How many shares do the Corporation's directors and officers own? Page 4 and Who are the largest owners of the Corporation's shares? Page 5 of Registrant's Proxy Statement dated April 14, 1998, is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Not Applicable.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

a) FINANCIAL STATEMENTS:

Consolidated Results of Operations for the Years Ended January 31, 1998, February 1, 1997 and February 3, 1996.

Consolidated Statements of Financial Position at January 31, 1998 and February 1, 1997.

Consolidated Statements of Cash Flows for the Years Ended January 31, 1998, February 1, 1997 and February 3, 1996.

Consolidated Statements of Shareholders' Investment for the Years Ended January 31, 1998, February 1, 1997 and February 3, 1996.

Information which is an integral part of the financial statements: Notes to Consolidated Financial Statements on Pages 25 - 27, 29, 31 and 33-35 (excluding years 1992-1994 on Page 25) and the Report of Independent Auditors on Page 36 in Registrant's 1997 Annual Report to Shareholders.

The Registrant, through its special purpose subsidiary, Dayton Hudson Receivables Corporation ("DHRC") 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 DHRC in its separate Annual Report on Form 10-K.

b) REPORTS ON FORM 8-K

Form 8-K dated January 8, 1998, reporting December 1997 sales results.

c) EXHIBITS

(2) Not applicable

(3)A. Restated Articles of Incorporation (as amended July 17, 1996). Incorporated by reference to Exhibit (3)A. to Registrant's Form 10-Q Report for the quarter ended August 3, 1996.

B. By-Laws (as amended through September 13, 1995). Incorporated by reference to Exhibit (3)B. to Registrant's Form 10-K Report for the year ended February 3, 1996.

(4)A. Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock, as amended. Incorporated by reference to Exhibit A to Exhibit 1 to Registrant's Form 8-K Report dated September 12, 1996.

B. Certificate of Designation, Preference and Rights of Series B ESOP Convertible Preferred Stock. Incorporated by reference to Exhibit (3)A. to Registrant's Form 10-K Report for the year ended January 30, 1993.

C. Instruments defining the rights of security holders, including indentures. Registrant agrees to furnish the Commission on request copies of instruments with respect to long-term debt.

(9) Not applicable

(10)A. Executive Incentive Plan (PTOC&EVA) (a)

B. Director Stock Option Plan of 1995 (b)

C. Executive Incentive Plan (Personal Score) (c)

D. Excess Benefit Plan (d)

E. Supplemental Pension Plan I (e)

F. Executive Long-Term Incentive Plan of 1981, as amended and restated (f)

G. Supplemental Pension Plan II (g)

H. Supplemental Pension Plan III (h)

I. Deferred Compensation Plan Senior Management Group (i)

J. Deferred Compensation Plan Directors (j)

K. Income Continuance Policy (k)

L. SMG Income Continuance Policy (l)

M. SMG Executive Deferred Compensation Plan (m)

N. Director Deferred Compensation Plan (n)

(11) Not applicable

(12) Statements re Computations of Ratios

(13) 1997 Annual Report to Shareholders (only those portions specifically incorporated by reference herein shall be deemed filed with the Commission)

(16) Not applicable

(18) Not applicable

(21) List of Subsidiaries

(22) Not applicable

(23) Consent of Independent Auditors

(24) Powers of Attorney

(27)A. Financial Data Schedules for the fiscal year ended January 31, 1998.

B. Restated Financial Data Schedules for the periods ended May 3, 1997, August 2, 1997 and November 1, 1997.

C. Restated Financial Data Schedules for the fiscal years ended February 3, 1996 and February 1, 1997 and for the periods ended May 4, 1996, April 3, 1996 and November 2, 1996.

(99)A. Registrant's Form 11-K Report

B. Registrant's Proxy Statement dated April 14, 1998 (only those portions specifically incorporated by reference shall be deemed filed with the Commission)(o)

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.

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(a) Incorporated by reference to Exhibit A to Registrant's Proxy Statement dated April 19, 1995.

(b) Incorporated by reference to Exhibit B to Registrant's Proxy Statement dated April 19, 1995.

(c) Incorporated by reference to Exhibit (10)C. to Registrant's Form 10-K Report for the year ended January 29, 1994.

(d) Incorporated by reference to Exhibit (10)D. to Registrant's Form 10-K Report for the year ended January 30, 1993 (the "1992 10-K").

(e) Incorporated by reference to Exhibit (10)E. to Registrant's Form 10-K Report for the year ended February 1, 1997.

(f) Incorporated by reference to Exhibit (10)B. to Registrant's Form 10-Q Report for the quarter ended October 29, 1994.

(g) Incorporated by reference to Exhibit (10)G. to the Registrant's Form 10-K Report for the year ended February 1, 1997.

(h) Incorporated by reference to Exhibit (10)H. to the Registrant's Form 10-K Report for the year ended February 1, 1997.

(i) Incorporated by reference to Exhibit (10)I. to the Registrant's Form 10-K Report for the year ended February 1, 1997.

(j) Incorporated by reference to Exhibit (10)J. to the Registrant's Form 10-K Report for the year ended February 1, 1997.

(k) Incorporated by reference to Exhibit (10)A. to Registrant's 1992 10-K.

(l) Incorporated by reference to Exhibit (10)B. to Registrant's 1992 10-K.

(m) Incorporated by reference to Exhibit (10)M. to the Registrant's Form 10-K Report for the year ended February 1, 1997.

(n) Incorporated by reference to Exhibit (10)N. to the Registrant's Form 10-K Report for the year ended February 1, 1997.

(o) Incorporated by reference to Registrant's Proxy Statement dated April 14, 1998 (only those portions specifically incorporated by reference shall be deemed filed with the Commission).

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.

DAYTON HUDSON CORPORATION

By: /s/ DOUGLAS A. SCOVANNER

Douglas A. Scovanner
SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

Dated: April 15, 1998

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.

Dated: April 15, 1998	/s/ BOB ULRICH Robert J. Ulrich CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER
Dated: April 15, 1998	/s/ DOUGLAS A. SCOVANNER Douglas A. Scovanner SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER
Dated: April 15, 1998	/s/ J.A. BOGDAN JoAnn Bogdan CONTROLLER AND CHIEF ACCOUNTING OFFICER

LIVIO D. DESIMONE ROGER A. ENRICO WILLIAM W. GEORGE MICHELE J. HOOPER JAMES A. JOHNSON RICHARD M. KOVACEVICH	SUSAN A. MCLAUGHLIN ANNE M. MULCAHY STEPHEN W. SANGER 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, such persons being all of the Directors of the Registrant.

By: /s/ DOUGLAS A. SCOVANNER

Douglas A. Scovanner
ATTORNEY-IN-FACT

Dated: April 15, 1998

EXHIBIT (12)

DAYTON HUDSON CORPORATION AND SUBSIDIARIES
COMPUTATIONS OF RATIOS OF EARNINGS TO FIXED CHARGES AND
RATIOS OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

(Millions of Dollars)

	Fiscal Year Ended				
	JAN. 31, 1998	Feb. 1, 1997	Feb. 3, 1996	Jan. 28, 1995	Jan. 29, 1994
RATIO OF EARNINGS TO FIXED CHARGES:					
Earnings:					
Consolidated net earnings before extraordinary charge	$ 801	$ 474	$ 311	$ 434	$ 375
Income taxes	524	309	190	280	232
Total earnings before extraordinary charge	1,326	783	501	714	607
Fixed charges:					
Interest expense	437	464	461	439	459
Interest portion of rental expense	59	59	59	56	45
Total fixed charges	495	523	520	495	504
Less:					
Capitalized interest	(16)	(16)	(14)	(7)	(5)
Fixed charges in earnings	480	507	506	488	499
Earnings available for fixed charges	$1,806	$1,290	$1,007	$1,202	$1,106
Ratio of earnings before extraordinary charge to fixed charges	3.65	2.46	1.94	2.43	2.19
RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS:					
Total fixed charges, as above	$ 495	$ 523	$ 520	$ 495	$ 504
Dividends on preferred stock (pre-tax basis)	27	37	37	39	39
Total fixed charges and preferred stock dividends	531	560	557	534	543
Earnings available for fixed charges and preferred stock dividends	$1,806	$1,290	$1,007	$1,202	$1,106
Ratio of earnings before extraordinary charge to fixed charges and preferred stock dividends	3.40	2.30	1.81	2.25	2.04

1997 Results

Target In millions	1997	1996	1995	Mervyn's In millions	1997	1996	1995	Department Stores In millions	1997	1996	1995
	$20,368	$17,853	$15,807		$4,227	$4,369	$4,516		$3,162	$3,149	$3,193
	$ 1,287	$ 1,048	$ 721		$ 280	$ 272	$ 117		$ 240	$ 151	$ 192
	796	736	670		269	300	295		65	65	64
	87,158	79,360	71,108		21,810	24,518	24,113		14,090	14,111	13,870

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

Target Locations (at year end)

	Retail Sq. Ft. in Thousands	No. of Stores		Retail Sq. Ft. in Thousands	No. of Stores
AL	117	1	NE	1,072	9
AZ	2,451	23	NV	841	8
AR	186	2	NJ	509	4
CA	15,289	138	NM	730	7
CO	2,355	22	NY	717	6
FL	6,846	62	NC	2,161	20
GA	2,795	26	ND	437	4
ID	406	4	OH	2,598	23
IL	5,457	48	OK	790	8
IN	2,836	30	OR	1,174	11
IA	1,769	17	SC	393	4
KS	1,106	9	SD	391	4
KY	1,134	11	TN	1,945	19
LA	203	2	TX	8,848	82
MD	1,509	13	UT	1,055	6
MI	4,796	45	VA	2,153	18
MN	5,372	46	WA	2,401	23
MS	116	1	WI	2,337	22
MO	1,382	13	WY	182	2
MT	299	3	Total	87,158	796

Mervyn's Locations (at year end)

	Retail Sq. Ft. in Thousands	No. of Stores
AZ	1,207	15
CA	9,784	126
CO	854	11
ID	83	1
LA	459	6
MI	1,176	15
MN	1,132	9
NV	495	7
NM	266	3
OK	270	3
OR	551	7
TX	3,344	42
UT	760	8
WA	1,429	16
Total	21,810	269

Department Store Locations (at year end)

	Retail Sq. Ft. in Thousands	No. of Stores
Dayton's		
MN	3,080	13
ND	297	3
SD	102	1
WI	373	3
Hudson's		
MI	4,619	20
OH	187	1
Marshall Field's		
IL	4,173	17
IN	246	2
OH	431	2
TX	155	1
WI	427	2
Total DSD	14,090	65

MAJOR MARKETS

Greater Los Angeles	69	Seattle/Tacoma	12
Chicago	33	Indianapolis	11
Minneapolis/St. Paul	32	St. Louis	11
San Francisco Bay Area	26	Tampa/St. Petersburg	11
Detroit	23	Employees:	166,000
Dallas/Ft. Worth	22		
Atlanta	21		
Houston	21		
Greater Miami	19		
Denver	15		
Phoenix	15		
San Diego	13		

Greater Los Angeles	49
San Francisco Bay Area	29
Dallas/Ft. Worth	12
San Diego	12
Phoenix	11
Detroit	9
Houston	9
Minneapolis/St. Paul	9
Seattle/Tacoma	9
Greater Salt Lake City	8
Denver	6
Employees:	29,000

Chicago	16
Detroit	11
Minneapolis/St.Paul	11
Employees:	35,000

ANALYSIS OF OPERATIONS

Our net earnings were $751 million in 1997, compared with $463 million in 1996 and $311 million in 1995. Earnings per share were $1.59 in 1997, $.97 in 1996 and $.65 in 1995. (References to earnings per share refer to diluted earnings per share. Earnings per share, dividends per share and common shares outstanding have been restated to reflect our April 1998 two-for-one common share split.) In 1997, earnings included two unusual items, a pre-tax securitization gain of $45 million ($.06 per share) and an extraordinary charge, net of tax, for the purchase and redemption of debt of $51 million ($.11 per share). In 1996, earnings were net of a pre-tax real estate repositioning charge of $134 million ($.18 per share) and an extraordinary charge, net of tax, for the purchase and redemption of debt of $11 million ($.03 per share). Earnings per share excluding all unusual items were $1.64 in 1997, $1.18 in 1996 and $.65 in 1995.

Pre-tax segment profit increased 23 percent in 1997 to $1,807 million, compared with $1,471 million in 1996 and $1,030 million in 1995. Pre-tax segment profit is first-in first-out (FIFO) earnings before securitization effects, interest, corporate and other expense, and unusual items. All three operating companies contributed to our pre-tax profit growth: Target improved 23 percent; Mervyn's 3 percent; and DSD 59 percent. We expect continued growth in profitability in 1998.

- - Target's pre-tax profit rose 23 percent in 1997 to $1,287 million. Target's full-year profit margin rate increased to 6.3 percent in 1997 from 5.9 percent in 1996, reflecting continued strong sales momentum and modest improvement in both gross margin and operating expense rates. Although guest credit is a small part of Target's overall profit, it contributed to growth in sales and earnings. In 1998, we expect our profit margin rate to remain essentially unchanged while total revenues are expected to grow due to mid-single-digit comparable-store sales increases combined with new store sales growth.

- - Mervyn's pre-tax profit improved 3 percent in 1997 to $280 million, despite lost revenue and profits from the 31 net stores closed in 1997. Mervyn's gross margin rate was modestly better than the prior year reflecting improved markup, partially offset by higher markdowns. Mervyn's also experienced a strong improvement in results from guest credit. Mervyn's expense rate was essentially even with last year. In 1997, as planned, Mervyn's exited the Florida and Georgia markets and closed seven additional under-performing stores. These changes better position us to compete more effectively in our primary markets. Mervyn's also initiated a store remodel program in 1997. We plan to remodel approximately ten additional stores in 1998. We expect continued modest improvement in our profit margin rate in 1998 and low single-digit comparable-store sales increases.

- - DSD's pre-tax profit was $240 million, a 59 percent increase over 1996, primarily due to a significant improvement in the operating expense rate. During 1997, we intensified our focus on distinctive merchandise assortments, broadened our assortment of owned brands, enhanced guest service and eliminated more than $50 million in expenses. By continuing these initiatives we expect to further improve profitability in 1998. Comparable-store sales are expected to grow in the low single digits in 1998 and gross margin rate is expected to increase modestly.

REVENUES

In 1997, our total and comparable-store revenues increased 9 percent and 5 percent, respectively. Revenues include retail sales, finance charges, late fees and other revenues. Comparable-store revenues are revenues from stores open longer than one year. Target's revenue growth reflected strong comparable-store revenues and new store expansion. Mervyn's 1997 total revenues declined due to stores closed. Mervyn's comparable-store revenue growth reflected continued focus on merchandising and marketing initiatives. DSD's total revenues were even with 1996, also reflecting closed stores, while comparable-store revenues increased slightly over the prior year. Increased finance charge and late fee revenues at all three operating divisions also contributed to revenue growth. We expect comparable-store revenues to increase at all three divisions in 1998.

Revenue growth in 1996 reflected a combination of new store and comparable-store growth at Target, somewhat offset by Mervyn's total and comparable-store revenue decline. DSD's comparable-store revenue decline was due to a reduction in promotional days in 1996.

The impact of inflation on our consolidated operations was minimal and, as a result, the overall comparable-store revenue increase closely approximated real growth.

Revenue Growth	1997		1996*	
	All Stores	Comp. Stores	All Stores	Comp. Stores
Target	14%	6%	13%	6%
Mervyn's	(3)	3	(3)	(4)
DSD	--	1	(1)	(4)
Total	9%	5%	8%	3%

Revenues Per Square Foot** (Dollars)	1997	1996	1995*
Target	$244	$235	$230
Mervyn's	187	179	190
DSD	224	223	230

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*Excludes the effect of 53rd week in 1995.
**Thirteen-month average retail square feet.

GROSS MARGIN RATE

In 1997, our overall gross margin rate was essentially even with the prior year. Gross margin includes cost of retail sales and excludes buying and occupancy costs. Strong growth at Target, our lowest gross margin rate division, continues to impact our business mix.

- TARGET'S gross margin rate increased modestly due to improved markup, partially offset by higher markdowns. In 1998, we anticipate the gross margin rate to be essentially even with 1997.

- MERVYN'S gross margin rate improved modestly for the year reflecting improved markup, partially offset by higher markdowns. In 1998, we expect Mervyn's gross margin rate to further increase as we continue to improve the quality and trend content of our merchandise.

- DSD'S gross margin rate increased over 1996 due to improved markup, partially offset by higher markdowns. In 1998, we anticipate DSD's gross margin rate will increase modestly.

In 1996, overall gross margin rate improved, reflecting strong gross margin rate improvement at Target and Mervyn's, somewhat offset by a slight rate deterioration at DSD and the growing impact of Target's lower gross margin rate structure.

The LIFO provision, included in cost of retail sales, was as follows:

LIFO PROVISION: (EXPENSE)/CREDIT (Millions of Dollars, except Per Share Data)	1997	1996	1995
Target	$ --	$ --	$ --
Mervyn's	--	5	(12)
DSD	(6)	(14)	(5)
Total	$ (6)	$ (9)	$ (17)
Per Share	$ (.01)	$(.01)	$(.02)

The LIFO provision is calculated based on inventory levels, markup rates and internally generated retail price indices. The 1997 LIFO charge at DSD resulted from slight retail price inflation and lower inventory levels. In 1996, the LIFO credit at Mervyn's resulted principally from higher markup and lower inventory levels, while the LIFO charge at DSD resulted primarily from exiting the electronics business and the sale of stores in Texas.

OPERATING EXPENSE RATE

Our overall operating expense rate improved in 1997 due primarily to changes outlined below and the favorable effect of Target's increased impact on our overall expense rate structure. Operating expense includes selling, publicity and administrative expenses (excluding start-up and corporate and other expense), depreciation and amortization, buying and occupancy costs, and taxes other than income taxes.

- - TARGET'S operating expense rate improved in 1997 reflecting continued savings in the second year of a three-year program to remove $200 million from operating expenses. In 1998, expense reduction will remain a priority; however, ongoing wage rate pressures within our competitive markets may challenge our ability to fully realize our planned 1998 savings of $60 to $70 million.

- - MERVYN'S operating expense rate was essentially even with 1996 and we expect a similar rate in 1998.

- - DSD'S significant operating expense rate improvement in 1997 resulted from expense reduction initiatives. In 1998, we expect DSD's operating expense rate to be essentially unchanged from 1997.

The operating expense rate in 1996 improved over 1995 due to significant cost reductions at Mervyn's and Target, and the favorable effect of Target's increased impact on the overall expense rate structure.

INTEREST EXPENSE

We view payments to holders of our sold securitized receivables as an "interest equivalent." In 1997, combined interest expense and interest equivalent was $18 million lower than 1996 due to a lower average portfolio rate and lower average funded balances. In 1996, interest expense and interest equivalent was $15 million higher than 1995 as higher average funded balances were only partially offset by a lower average portfolio rate. Combined interest expense and interest equivalent in 1998 is expected to be similar to 1997.

During 1997, we repurchased $503 million of high-coupon debt for $583 million, resulting in an after-tax extraordinary charge of $51 million ($.11 per share). The replacement of this debt with lower interest rate financing will reduce interest expense going forward. The debt repurchased had an average interest rate of 9.4 percent and an average remaining life of approximately 18 years.

INCOME TAX RATE

The effective tax rate was 39.5 percent in both 1997 and 1996, and 38.0 percent in 1995. The effective tax rate in 1997 and 1996 reflects a more normalized rate, while lower earnings in 1995 caused permanent differences to have a greater impact. Our 1998 tax rate is expected to approximate the 1997 rate.

REAL ESTATE REPOSITIONING CHARGE

In 1996, we recorded a pre-tax charge of $134 million ($.18 per share) for real estate repositioning at Mervyn's and DSD to strengthen competitive positions and achieve improved long-term results. The charge included $114 million for Mervyn's to sell or close its 25 stores in Florida and Georgia and approximately ten other under-performing stores throughout the chain. Also included was a net charge of $20 million for DSD's sale of its Texas stores and the closure of two other stores.

To date, Mervyn's has exited the Florida and Georgia markets and closed seven other under-performing stores, while DSD has sold three Texas stores and closed two other stores. Exit costs incurred during 1997 (approximately $17 million) were charged against the reserve; the reserve remaining at year-end 1997 was $25 million. We expect to sell or close the remaining stores within the next year.

SECURITIZATION

During third quarter 1997, Dayton Hudson Receivables Corporation (DHRC), a special-purpose subsidiary, sold to the public $400 million of securitized receivables. This issue of asset-backed securities has an expected maturity of five years and a stated rate of 6.25 percent. Proceeds from the sale were used for general corporate purposes, including funding the growth of receivables. As required by Statement of Financial Accounting Standards (SFAS) No. 125, this transaction resulted in a pre-tax gain of $32 million. Total year results also include an additional $13 million pre-tax gain attributable to the application of SFAS No. 125 to our 1995 securitization. Combined, these gains total $45 million ($.06 per share).

Our Consolidated Results of Operations include reductions of finance charge revenues and bad debt expense, which reduce earnings by $33 million in 1997, $25 million in 1996 and $10 million in 1995. These amounts represent payments to holders of our sold securitized receivables, and are included in our pre-tax earnings reconciliation on page 25 as interest equivalent, below pre-tax segment profit. While outstanding, our current $800 million of sold securitized receivables will result in approximately $12 million of interest equivalent per quarter.

In third quarter 1998, our 1995 securitization will mature and result in a pre-tax charge, based on our current assessments, of $30 to $35 million. This charge would be offset by the gain related to a new sale of securitized receivables, if market conditions support a transaction at that time.

YEAR 2000/INFORMATION SYSTEMS

We have invested heavily in information services (IS) in the past two years. We consolidated our IS operations in 1996 and have begun to develop and implement common systems across all three divisions to better leverage our resources. As a result of our common systems initiatives, the growth in our IS expense has substantially outpaced our revenue growth.

We have assessed key operational, information and financial systems as a part of a comprehensive plan of action to address the risk of the year 2000 date conversion. We have developed plans and implemented procedures to effect required modifications to our existing systems and equipment, and we are working closely with our hardware and software vendors to ensure existing and newly installed systems are year 2000 ready. We are also working with our business partners to mitigate the risk to us if they are not ready for the year 2000.

Year 2000 related costs are expensed as incurred. As of January 31, 1998, expense related to year 2000 conversion was immaterial. Year 2000 costs would have been significantly higher if not for our recent, substantial common systems development. We estimate expenditures necessary to complete the year 2000 readiness program will be approximately $40 million over the next two years, with most of the spending occurring in 1998.

We believe we are positioned to achieve year 2000 readiness on a timely basis. Although we do not anticipate incurring material costs beyond our estimate above, the scope of this issue is difficult to predict with certainty and there can be no assurance that we, or our business partners, will successfully complete every phase of year 2000 conversion on a timely basis, or that material additional expenses will not be incurred.

In first quarter 1998, we will adopt Statement of Position (SOP) 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." The initial impact of the adoption will shift certain IS development spending from expense to capital, and increase 1998 pre-tax earnings by approximately $60 million ($.08 per share), net of first year depreciation. The annual benefit is expected to diminish significantly over the next few years.

Net IS expense growth in 1998 is expected to be similar to our revenue growth, due to the combination of ongoing systems development and implementation, year 2000 related costs and the effects of software capitalization.

FOURTH QUARTER RESULTS

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

Fourth quarter 1997 net earnings were $356 million, compared with $214 million in 1996. Earnings per share after extraordinary charges were $.76 for the quarter, compared with $.45 in 1996. Fourth quarter 1996 results were unfavorably affected by the real estate repositioning charge previously discussed.

- - TARGET'S pre-tax profit increased 12 percent over fourth quarter 1996, reflecting a 14 percent total revenue increase and an improved operating expense rate, partially offset by a lower gross margin rate due to higher markdowns. Comparable-store revenues increased 6 percent.

- - MERVYN'S pre-tax profit decreased 2 percent in the quarter, although profit increased slightly when 1996 profits from stores closed in 1997 are excluded. Total revenues for the quarter declined 2 percent while comparable-store revenues increased 6 percent. The gross margin rate was somewhat below 1996 due to higher markdowns. The operating expense rate improved primarily due to lower occupancy costs and improved store productivity.

- - DSD'S fourth quarter pre-tax profit increased 81 percent over 1996. Total revenue growth was essentially unchanged while comparable-store revenues grew 2 percent. The gross margin rate improved slightly and the operating expense rate decreased significantly due to improved store productivity and other expense reduction initiatives.

ANALYSIS OF FINANCIAL CONDITION

Our financial condition remains strong. Cash flow from operations was $1,795 million, driven by earnings growth, strong inventory control and accounts payable leveraging. Internally generated funds continue to be the most important component of our capital resources and, along with our ability to access a variety of financial markets, provide funding for our expansion plans. We continue to fund the growth in our business through a combination of retained earnings, debt and sold securitized receivables.

During 1997, average total receivables increased 13 percent, or $248 million, principally due to growth of the Target Guest Card. In 1997, the number of Target Guest Card holders grew significantly to over nine million accounts at year end compared with five million in 1996. Retained securitized receivables decreased during the third quarter, as a result of the $400 million sale of securitized receivables. In 1998, we expect continued growth of the Target Guest Card which will benefit sales growth and credit profitability.

Inventory levels increased $220 million in 1997. The majority of this growth was funded by the $199 million increase in accounts payable over the same period.

Capital expenditures were $1,354 million in 1997, compared with $1,301 million in 1996. Investment in Target accounted for 85 percent of 1997 capital expenditures, with 6 percent at Mervyn's and 9 percent at DSD. Net property and equipment increased $658 million, reflecting capital invested offset by depreciation. During 1997, Target opened 60 net stores, Mervyn's closed 31 net stores and DSD opened two stores and closed two stores. Approximately 64 percent of total expenditures was for new stores. Other capital investments were for distribution, information systems and other infrastructure to support store growth. Over the past five years, Target's retail square footage has grown at a compound annual rate of approximately 10 percent. We expect to continue to expand in the range of 8 to 10 percent annually for the foreseeable future. Capital expenditures in 1998 are expected to approximate $1.6 billion for the construction of new stores, remodeling of existing stores and other capital support. The majority of new store capital continues to be invested in Target. In the upcoming year, Target plans to open approximately 60 net new stores in new and existing markets. Expansion plans for Target in 1998 include new stores in the greater New York City and Philadelphia markets. We will also open stores in New Jersey, Virginia, Maryland and other states. Our plans include major remodels of approximately ten Mervyn's stores and new fixtures at the remaining stores to create additional vendor shops. Mervyn's and DSD do not plan to open any new stores in 1998.

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. The average rate on our financings, including interest equivalent on sold securitized receivables, decreased to 8.1 percent in 1997 from 8.3 percent in 1996. This rate is expected to decline further in 1998.

A key to the Corporation's liquidity and capital markets access is maintaining strong investment-grade debt ratings. Our ratings are sufficient to support commercial paper levels well in excess of our $305 million outstanding at year end. Further liquidity is provided by $1.6 billion of committed lines of credit obtained through a group of 29 banks. Going forward, we expect that continued profit increases and cash flow from operations will allow us to fund our planned capital expenditures while maintaining or improving our debt ratings.

Credit Ratings

	Moody's	Standard and Poor's	Duff & Phelps
Long-term Debt	Baa1	BBB+	A-
Commercial Paper	P-2	A-2	D-1-
Sold Securitized Receivables	Aaa	AAA	N/A

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 return to shareholders approximated 94 percent in fiscal 1997 and has averaged 25 percent and 23 percent per year over the last five and ten years, respectively.

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 mature stores inherently have higher returns than newly opened stores. We estimate the after-tax cost of capital for our retail business is 10 percent, while our credit operations' after-tax cost of capital is estimated to be 6 percent as a result of its ability to support higher debt levels. We expect to generate returns in excess of these costs of capital, thereby producing EVA.

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

FINANCIAL OBJECTIVES

We believe managing our business with a focus on EVA helps achieve our objective of annual earnings per share growth of 15 percent or more over time. We plan to produce these results, while maintaining a year-end debt ratio for our retail operations within a range of 45 percent to 55 percent, which will allow efficient capital market access to fund our growth. We ended 1997 with a retail debt ratio of 45 percent.

In evaluating our debt level, we separate retail operations from credit operations due to their inherently different financial characteristics. We view the appropriate capitalization of our credit business to be 88 percent debt and 12 percent equity, similar to ratios of comparable credit card businesses.

Debt Ratio*	1997	1996	1995
Retail	45%	50%	53%
Credit	88%	88%	88%
Total Debt Ratio	54%	57%	60%

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*Includes the impact of off-balance sheet operating leases and sold securitized receivables as if they were debt.

GUEST CREDIT

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

In 1997, pre-tax contribution from credit increased 29 percent over the prior year, compared to the growth in average receivables serviced of 13 percent. The improved credit performance reflects continued growth of the Target Guest Card, along with strong revenue increases associated with changes in credit terms and expansion of our guest loyalty programs at all three divisions. The revenue favorability was partially offset by an increase in bad debt expense.

In 1998, we plan to continue to grow guest credit's contribution and EVA by acquiring new accounts, refining guest loyalty programs, controlling bad debt expense and leveraging operating expenses.

Credit Contribution (Millions of Dollars)	1997	1996	1995
Revenues:			
Finance charge and late fee revenues	$ 501	$ 403	$ 313
Merchant and deferred billing fees	86	72	75
Total revenues	587	475	388
Expenses:			
Bad debt	190	149	104
Other	125	116	105
Total expenses	315	265	209
Pre-tax Contribution	$ 272	$ 210	$ 179
Average receivables serviced:			
Target	$ 644	$ 453	$ 313
Mervyn's	812	799	791
DSD	707	663	615
Total average receivables serviced	$2,163	$1,915	$1,719
Total year-end receivables serviced	$2,424	$2,184	$1,919

Merchant fees are the fees charged to our retail operations on a basis similar to fees charged by third-party credit cards. Deferred billing fees are charged for carrying non-revenue-earning revolving balances. Both the merchant and deferred billing fees are intercompany transfer prices that are eliminated in consolidation. Other expenses are those associated with the acquisition, retention and servicing of accounts.

The year-end allowance for doubtful accounts was $168 million, 6.9 percent of year-end receivables serviced, an increase of 1.5 percentage points from the prior year.

PRE-TAX SEGMENT PROFIT AND EBITDA

Pre-tax segment profit is first-in first-out (FIFO) earnings before securitization effects, interest, corporate and other expense, and unusual items. EBITDA is pre-tax segment profit before depreciation and amortization. Management uses pre-tax segment profit and EBITDA, among other standards, to measure divisional operating performance. EBITDA supplements, and is not intended to represent a measure of performance in accordance with, disclosures required by generally accepted accounting principles. It is included as a tool for analyzing our results.

PRE-TAX SEGMENT PROFIT AS A PERCENT OF REVENUES	Target	Mervyn's	DSD
1997	6.3%	6.6%	7.6%
1996	5.9	6.2	4.8
1995*	4.6	2.6	6.0
EBITDA as a Percent of Revenues			
1997	8.5%	9.6%	11.6%
1996	8.0	9.7	8.6
1995*	6.6	5.9	9.6

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*Consisted of 53 weeks

Forward-Looking Statements

The preceding Management's Discussion and Analysis contains forward- looking statements regarding the Company's performance, liquidity and the adequacy of its capital resources. Those statements are based on management's current assumptions and expectations and are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. The Company cautions that the forward-looking statements are qualified by the risks of increased competition, shifting consumer demand, changing consumer credit markets and general economic conditions, hiring and retaining effective team members, sourcing merchandise from domestic and international vendors, preparing for the impact of year 2000, and other risks and uncertainties. As a result, while management believes that there is a reasonable basis for the forward-looking statements, undue reliance should not be placed on those statements. Readers are encouraged to review Exhibit 99.2 attached to the Company's Form 10-K Report for the year ended January 31, 1998 which contains additional important factors that may cause actual results to differ materially from those predicted in the forward-looking statements.

Business Segment Comparisons (Millions of Dollars)	1997	1996	1995*	1994	1993	1992
Revenues						
Target	$20,368	$17,853	$15,807	$13,600	$11,743	$10,393
Mervyn's	4,227	4,369	4,516	4,561	4,436	4,510
Department Store Division	3,162	3,149	3,193	3,150	3,054	3,024
Total revenues	$27,757	$25,371	$23,516	$21,311	$19,233	$17,927
Pre-tax segment profit						
Target	$ 1,287	$ 1,048	$ 721	$ 732	$ 600	$ 576
Mervyn's	280	272	117	198	172	280
Department Store Division	240	151	192	259	246	239
Total pre-tax segment profit	$ 1,807	$ 1,471	$ 1,030	$ 1,189	$ 1,018	$ 1,095
LIFO provision (expense)/credit	(6)	(9)	(17)	19	91	(9)
Real estate repositioning charge	--	(134)	--	--	--	--
Securitization adjustments:						
Interest equivalent	(33)	(25)	(10)	--	--	--
SFAS 125 gain	45	--	--	--	--	--
Interest expense, net	(416)	(442)	(442)	(426)	(446)	(437)
Corporate and other	(71)	(78)	(60)	(68)	(56)	(38)
Earnings before income taxes and extraordinary charges	$ 1,326	$ 783	$ 501	$ 714	$ 607	$ 611
Assets						
Target	$ 9,487	$ 8,257	$ 7,330	$ 6,247	$ 5,495	$ 4,913
Mervyn's	2,281	2,658	2,776	2,917	2,750	3,042
Department Store Division	2,188	2,296	2,309	2,392	2,240	2,292
Corporate and other	235	178	155	141	293	90
Total assets	$ 14,191	$ 13,389	$12,570	$ 11,697	$ 10,778	$ 10,337
Depreciation and amortization						
Target	$ 437	$ 377	$ 328	$ 294	$ 264	$ 236
Mervyn's	126	151	150	145	146	135
Department Store Division	128	119	113	108	104	104
Corporate and other	2	3	3	1	1	1
Total depreciation and amortization	$ 693	$ 650	$ 594	$ 548	$ 515	$ 476
Capital expenditures						
Target	$ 1,155	$ 1,048	$ 1,067	$ 842	$ 716	$ 571
Mervyn's	72	79	273	146	180	294
Department Store Division	124	173	161	96	80	72
Corporate and other	3	1	21	11	2	1
Total capital expenditures	$ 1,354	$ 1,301	$ 1,522	$ 1,095	$ 978	$ 938
Segment EBITDA						
Target	$ 1,724	$ 1,425	$ 1,049	$ 1,026	$ 864	$ 812
Mervyn's	406	423	267	343	318	415
Department Store Division	368	270	305	367	350	343
Total Segment EBITDA	$ 2,498	$ 2,118	$ 1,621	$ 1,736	$ 1,532	$ 1,570

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*Consisted of 53 Weeks

Each operating division's assets and operating results include the retained securitized receivables held by Dayton Hudson Receivables Corporation and Retailers National Bank in 1993-1997, as well as related income and expenses.

CONSOLIDATED RESULTS OF OPERATIONS

(Millions of Dollars, Except Per Share Data)	1997	1996	1995
Revenues	$ 27,757	$ 25,371	$ 23,516
Costs and Expenses			
Cost of retail sales, buying and occupancy	20,320	18,628	17,527
Selling, publicity and administrative	4,532	4,289	4,043
Depreciation and amortization	693	650	594
Interest expense, net	416	442	442
Taxes other than income taxes	470	445	409
Real estate repositioning charge	--	134	--
Total Costs and Expenses	26,431	24,588	23,015
Earnings Before Income Taxes and Extraordinary Charges	1,326	783	501
Provision for Income Taxes	524	309	190
Net Earnings Before Extraordinary Charges	$ 802	$ 474	$ 311
Extraordinary Charges from Purchase and Redemption of Debt, Net of Tax	51	11	--
Net Earnings	$ 751	$ 463	$ 311
Basic Earnings Per Share			
Earnings Before Extraordinary Charges	$ 1.80	$ 1.05	$ .67
Extraordinary Charges	(.12)	(.03)	--
Basic Earnings Per Share	$ 1.68	$ 1.02	$ .67
Diluted Earnings Per Share			
Earnings Before Extraordinary Charge	$ 1.70	$ 1.00	$ .65
Extraordinary Charges	(.11)	(.03)	--
Diluted Earnings Per Share	$ 1.59	$ .97	$ .65
Average Common Shares Outstanding (Millions)			
Basic	436.1	433.3	431.0
Diluted	463.7	460.9	458.3

See Notes to Consolidated Financial Statements throughout pages 25--36

Summary of Accounting Policies

Organization Dayton Hudson Corporation is a general merchandise retailer. Our operating divisions consist of Target, Mervyn's and the Department Store Division (DSD). Target, an upscale discount chain located in 39 states, contributed 74 percent of our 1997 revenues. Mervyn's, a middle-market promotional department store located in 14 states in the West, South and Midwest, contributed 15 percent of revenues. DSD, a traditional department store located in nine states in the upper Midwest, contributed 11 percent of revenues.

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

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

Fiscal Year The Corporation's 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 Year	Ended	Weeks
1997	January 31, 1998	52
1996	February 1, 1997	52
1995	February 3, 1996	53

Revenues

Finance charge and late fee revenues on internal credit sales were $459 million on sales of $4.2 billion in 1997, $346 million on sales of $3.8 billion in 1996 and $292 million on sales of $3.8 billion in 1995. Leased department sales were $165 million, $162 million and $153 million in 1997, 1996 and 1995, respectively.

EARNINGS PER SHARE

In 1997, Statement of Financial Accounting Standards (SFAS) No. 128, "Earnings Per Share" (EPS) was issued; all EPS amounts herein have been restated to reflect its adoption. Basic EPS (which replaces Primary) is net earnings, less dividend requirements on the Employee Stock Ownership Plan (ESOP) preferred shares, divided by the average number of common shares outstanding during the period.

Diluted EPS (which replaces Fully Diluted) assumes conversion of the ESOP preferred shares into common shares and net earnings are adjusted for expense required to fund the ESOP debt service, which results from the assumed replacement of the ESOP preferred dividends with common stock dividends. References to earnings per share herein relate to Diluted EPS.

On April 30, 1998, we will distribute to shareholders of record as of April 10, 1998, one additional share of common stock for each share owned, resulting in a two-for-one common share split. All earnings per share, dividends per share and common shares outstanding reflect this share split and the three-for-one share split in 1996.

	Basic EPS			Diluted EPS		
(Millions, Except Per Share Data)	1997	1996	1995	1997	1996	1995
Net earnings*	$ 802	$ 474	$ 311	$ 802	$ 474	$ 311
Less: ESOP net earnings adjustment	(20)	(20)	(20)	(13)	(14)	(14)
Adjusted net earnings*	$ 782	$ 454	$ 291	$ 789	$ 460	$ 297
Weighted Average Common Shares Outstanding	436.1	433.3	431.0	436.1	433.3	431.0
Performance Shares	--	--	--	1.3	1.7	1.9
Stock Options	--	--	--	3.9	2.4	.8
Assumed conversion of ESOP preferred shares	--	--	--	22.4	23.5	24.6
Total common equivalent shares outstanding	436.1	433.3	431.0	463.7	460.9	458.3
Earnings Per Share*	$ 1.80	$ 1.05	$ .67	$ 1.70	$ 1.00	$ .65

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*Before extraordinary charges

ADVERTISING COSTS

Advertising costs, included in selling, publicity and administrative expenses, are expensed as incurred and were $679 million, $634 million and $670 million for 1997, 1996 and 1995, respectively.

REAL ESTATE REPOSITIONING CHARGE

In 1996, we recorded a pre-tax charge of $134 million ($.18 per share) for real estate repositioning at Mervyn's and DSD to strengthen competitive positions and achieve improved long-term results. The charge included $114 million for Mervyn's to sell or close its 25 stores in Florida and Georgia and approximately ten other under-performing stores throughout the chain. Also included was a net charge of $20 million for DSD's disposition of its Texas stores and the closure of two other stores.

To date, Mervyn's has exited the Florida and Georgia markets and closed seven other under-performing stores, while DSD sold three Texas stores and closed two other stores. Exit costs incurred during 1997 (approximately $17 million) were charged against the reserve; the reserve remaining at year end 1997 was $25 million.

IMPACT OF YEAR 2000

Year 2000 related costs are expensed as incurred. In 1997, 1996 and 1995, year 2000 related expenses were immaterial.

INCOME TAXES

Reconciliation of tax rates is as follows:

Percent of Earnings Before Income Taxes	1997	1996	1995
Federal statutory rate	35.0%	35.0%	35.0%
State income taxes, net of federal tax benefit	4.5	4.6	4.9
Dividends on preferred stock	(.5)	(.8)	(1.1)
Work opportunity tax credit	(.1)	--	(.5)
Other	.6	.7	(.3)
Effective tax rate	39.5%	39.5%	38.0%

The components of the provision for income taxes were:

Income Tax Provision: Expense/(Benefit) (Millions of Dollars)	1997	1996	1995

Current:			
Federal	$ 488	$ 344	$ 158
State	99	72	38
	587	416	196
Deferred:			
Federal	(55)	(89)	(5)
State	(8)	(18)	(1)
	(63)	(107)	(6)
Total	$ 524	$ 309	$ 190

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

Net Deferred Tax Asset/(Liability) (Millions of Dollars)	January 31, 1998	February 1, 1997
Gross deferred tax assets:		
Self-insured benefits	$ 117	$ 109
Deferred compensation	103	85
Postretirement health care obligation	42	44
Valuation allowance	52	49
Inventory	46	--
Other	115	108
	475	395
Gross deferred tax liabilities:		
Property and equipment	(306)	(288)
Inventory	--	(15)
Other	(49)	(35)
	(355)	(338)
Total	$ 120	$ 57

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Millions of Dollars)	January 31, 1998	February 1, 1997
Assets		
Current Assets		
Cash and cash equivalents	$ 211	$ 201
Retained securitized receivables	1,555	1,720
Merchandise inventories	3,251	3,031
Other	544	488
Total Current Assets	5,561	5,440
Property and Equipment		
Land	1,712	1,557
Buildings and improvements	6,497	5,943
Fixtures and equipment	2,915	2,652
Construction-in-progress	389	317
Accumulated depreciation	(3,388)	(3,002)
Property and Equipment, net	8,125	7,467
Other	505	482
Total Assets	$ 14,191	$ 13,389
Liabilities and Shareholders' Investment		
Current Liabilities		
Accounts payable	$ 2,727	$ 2,528
Accrued liabilities	1,346	1,168
Income taxes payable	210	182
Current portion of long-term debt and notes payable	273	233
Total Current Liabilities	4,556	4,111
Long-Term Debt	4,425	4,808
Deferred Income Taxes and Other	720	630
Convertible Preferred Stock, Net	30	50
Shareholders' Investment		
Convertible preferred stock	280	271
Common stock	73	72
Additional paid-in-capital	196	146
Retained earnings	3,930	3,348
Loan to ESOP	(19)	(47)
Total Shareholders' Investment	4,460	3,790
Total Liabilities and Shareholders' Investment	$ 14,191	$ 13,389

See Notes to Consolidated Financial Statements throughout pages 25--36

Notes to Consolidated Financial Statements

Cash Equivalents

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

RETAINED SECURITIZED RECEIVABLES

Through its special purpose subsidiary, Dayton Hudson Receivables Corporation (DHRC), the Company transfers, on an on-going basis, substantially all of its receivables to a trust in return for certificates representing undivided interests in the trust's assets. DHRC owns the undivided interest in the trust's assets, other than the sold securitized receivables and the 5 percent of trust assets held by Retailers National Bank (RNB), a wholly owned subsidiary of the Corporation that also services the receivables. The undivided interests held by DHRC and RNB, as well as related income and expenses, are reflected in each operating division's assets and operating results based on the origin of the credit sale giving rise to the receivable.

In third quarter 1997, DHRC sold to the public $400 million of securitized receivables. This issue of asset-backed securities has an expected maturity of five years and a stated rate of 6.25 percent. Proceeds from the sale were used for general corporate purposes, including funding the growth of receivables. As required by SFAS No. 125, the transaction resulted in a pre-tax gain of $32 million. Total year results also include an additional $13 million pre-tax gain attributable to the application of SFAS No. 125 to our 1995 securitization. Combined, these gains total $45 million ($.06 per share). The net impact from these sales is a reduction of revenues and bad debt expense. As of year end, $800 million of securitized receivables have been sold to investors and DHRC has borrowed $100 million of debt secured by receivables.

The fair value of the retained securitized receivables, classified as available for sale, was $1,555 million and $1,720 million at year end 1997 and 1996, respectively. The fair value of the retained securitized receivables was lower than the aggregate receivables value by $126 million and $119 million at year end 1997 and 1996, respectively, due to our estimates of ultimate collectibility. Write-downs have been included in selling, publicity and administrative expenses in our consolidated results of operations.

INVENTORIES

Inventories and the related cost of sales are accounted for by the retail inventory accounting method using the last-in, first-out (LIFO) basis and are stated at the lower of LIFO cost or market. The cumulative LIFO provision was $92 million and $86 million at January 31, 1998 and February 1, 1997, respectively.

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. Buildings and improvements are depreciated over eight to 55 years. Furniture and fixtures are depreciated over three to eight years. Accelerated depreciation methods are generally used for income tax purposes.

In first quarter 1996, the Corporation adopted SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets to be Disposed Of." The impairment loss recorded upon adoption, as well as any further impairment losses recorded, were not material to our financial statements.

INTERNAL USE SOFTWARE

We will adopt Statement of Position (SOP) 98-1 "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use" in first quarter 1998. We expect the impact of this adoption to result in expense savings, and somewhat higher capital spending, at all three divisions. As a result, we estimate 1998 pre-tax earnings will increase by approximately $60 million ($.08 per share), net of first year depreciation.

ACCOUNTS PAYABLE

Outstanding drafts included in accounts payable were $452 million and $414 million at year-end 1997 and 1996, respectively.

COMMITMENTS AND CONTINGENCIES

Commitments for the purchase, construction, lease or remodeling of real estate, facilities and equipment were approximately $397 million at January 31, 1998. We are exposed to claims and litigation arising out of the ordinary course of business. Management, after consulting with legal counsel, believes the currently identified claims and litigation will not have a material adverse effect on our results of operations or our financial condition taken as a whole.

We have historically deducted for income tax purposes the inventory shortage expense accrued for book purposes, in a manner consistent with industry practice. With respect to our 1983 tax return, the IRS challenged the practice of deducting accrued shortage not verified with a year-end physical inventory. In June 1997, the United States Tax Court returned a judgment on this issue in favor of the IRS. We continue to strongly believe that our accrual practice is correct and have appealed this decision to the United States Court of Appeals for the Eighth Circuit. In order to stop further interest accrual, we paid the tax and interest assessed by the IRS in second quarter 1997, without impact to our results of operations. Our appeal was heard during the first quarter of 1998, and we expect the Court to issue its decision within the next year.

(Millions of Dollars)	1997	1996	1995
Operating Activities			
Net earnings before extraordinary charges	$ 802	$ 474	$ 311
Reconciliation to cash flow:			
Depreciation and amortization	693	650	594
Deferred tax provision	(63)	(107)	(6)
Other noncash items affecting earnings	43	11	52
Changes in operating accounts providing/(requiring) cash:			
Retained securitized receivables	(235)	(210)	(100)
Sold securitized receivables	400	--	400
Merchandise inventories	(220)	(13)	(241)
Accounts payable	199	281	286
Accrued liabilities	182	275	(88)
Income taxes payable	62	55	(38)
Other	(68)	42	(9)
Cash Flow Provided by Operations	1,795	1,458	1,161
Investing Activities			
Expenditures for property and equipment	(1,354)	(1,301)	(1,522)
Proceeds from disposals of property and equipment	123	103	17
Cash Flow Required for Investing Activities	(1,231)	(1,198)	(1,505)
Net Financing Sources/(Requirements)	564	260	(344)
Financing Activities			
(Decrease)/increase in notes payable, net	(127)	(416)	501
Additions to long-term debt	375	700	150
Reductions of long-term debt	(690)	(414)	(210)
Principal payments received on loan to ESOP	22	40	57
Dividends paid	(165)	(155)	(148)
Other	31	11	22
Cash Flow (Used for)/Provided by Financing Activities	(554)	(234)	372
Net Increase in Cash and Cash Equivalents	10	26	28
Cash and Cash Equivalents at Beginning of Year	201	175	147
Cash and Cash Equivalents at End of Year	$ 211	$ 201	$ 175

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 $454 million, $352 million and $229 million during 1997, 1996 and 1995, respectively. Cash paid for interest (including interest capitalized) was $485 million, $434 million and $451 million during 1997, 1996 and 1995, respectively.

See Notes to Consolidated Financial Statements throughout pages 25--36.

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 buying and occupancy, includes percentage rents that are based on a percentage of retail sales over stated levels. Total rent expense was $143 million, $146 million and $144 million in 1997, 1996 and 1995, respectively. Most of the long-term leases include options to renew, with terms varying from five to 30 years. Certain leases also include options to purchase the property.

Future minimum lease payments required under noncancelable lease agreements existing at January 31, 1998 were:

Future Minimum Lease Payments (Millions of Dollars)	Operating Leases	Capital Leases
1998	$ 111	$ 21
1999	105	21
2000	82	21
2001	75	20
2002	70	20
After 2002	617	138
Total future minimum lease payments	$ 1,060	241
Less: Interest*	(405)	(103)
Present value of minimum lease payments	$ 655	$ 138**

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*Calculated using the interest rate at inception for each lease (the weighted average interest rate was 9.1 percent.)

**Includes current portion of $8 million.

LINES OF CREDIT

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

LONG-TERM DEBT AND NOTES PAYABLE

At January 31, 1998, $405 million of notes payable were outstanding, $305 million of which were classified as long-term debt as they were supported by our $800 million committed credit agreement that expires in the year 2002. The remaining $100 million is financing provided by the Dayton Hudson Credit Card Master Trust Series 1996-1 Class A variable funding certificate. This certificate is debt of DHRC and is classified in the current portion of long-term debt and notes payable in our Consolidated Statements of Financial Position. The average amount of notes payable outstanding during 1997 was $828 million at a weighted-average interest rate of 5.8 percent.

In 1997, we issued the following long-term debt: $100 million at 5.9 percent, maturing in 2037, puttable annually by investors beginning in 1999; $75 million at 5.9 percent, maturing in 2027, puttable annually by investors beginning in 1999; and $200 million at 6.8 percent, maturing in 2028. The proceeds from these issuances were used for general corporate purposes.

Also during 1997, we repurchased $503 million of long-term debt with an average remaining life of approximately 18 years and a weighted average interest rate of 9.4 percent.

At year end the debt portfolio was as follows:

Long-term Debt and Notes Payable (Millions of Dollars)	January 31, 1998 Rate*	January 31, 1998 Balance	February 1, 1997 Rate*	February 1, 1997 Balance
Notes payable	5.7%	$ 405	5.6%	$ 532
Notes and debentures:				
Due 1997--2001	8.7	1,052	8.8	1,198
Due 2002--2006	7.6	1,063	7.7	1,087
Due 2007--2011	9.4	478	9.4	649
Due 2012--2016	9.4	48	9.4	141
Due 2017--2021	9.5	485	9.5	608
Due 2022--2026	8.3	654	8.3	700
Due 2027--2037	6.3	375	--	--
Total notes payable, notes and debentures**		4,560		4,915
Capital lease obligations		138		126
Less: current portion		(273)		(233)

Long-term debt and notes payable	$ 4,425	$ 4,808

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

**The estimated fair value of total notes payable, notes and debentures, using a discounted cash flow analysis based on our incremental interest rates for similar types of financial instruments, was $5,025 million at January 31, 1998 and $5,246 at February 1, 1997.

Required principal payments on long-term debt and notes payable over the next five years, excluding capital lease obligations, are $265 million in 1998, $147 million in 1999, $388 million in 2000, $352 million in 2001 and $497 million in 2002.

DERIVATIVES

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

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' INVESTMENT

(Millions of Dollars, Except Share Data)	Convertible Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Loan to ESOP	Total
January 28, 1995	$ 277	$ 72	$ 89	$ 2,882	$ (127)	$ 3,193
Consolidated net earnings	--	--	--	311	--	311
Dividends declared	--	--	--	(149)	--	(149)
Tax benefit on unallocated preferred stock dividends and options	--	--	5	--	--	5
Conversion of preferred stock and other	(20)	--	11	--	--	(9)
Net reduction in loan to ESOP	--	--	--	--	47	47
Stock option activity	--	--	5	--	--	5
February 3, 1996	257	72	110	3,044	(80)	3,403
Consolidated net earnings	--	--	--	463	--	463
Dividends declared	--	--	--	(159)	--	(159)
Tax benefit on unallocated preferred stock dividends and options	--	--	7	--	--	7
Conversion of preferred stock and other	14	--	16	--	--	30
Net reduction in loan to ESOP	--	--	--	--	33	33
Stock option activity	--	--	13	--	--	13
February 1, 1997	271	72	146	3,348	(47)	3,790
Consolidated net earnings	--	--	--	751	--	751
Dividends declared	--	--	--	(169)	--	(169)
Tax benefit on unallocated preferred stock dividends and options	--	--	17	--	--	17
Conversion of preferred stock and other	9	--	18	--	--	27
Net reduction in loan to ESOP	--	--	--	--	28	28
Stock option activity	--	1	15	--	--	16
January 31, 1998	$ 280	$ 73	$ 196	$ 3,930	$ (19)	$ 4,460

COMMON STOCK

Authorized 3,000,000,000 shares, $.1667 par value; 437,833,456 shares issued and outstanding at January 31, 1998; 434,410,452 shares issued and outstanding at February 1, 1997.

PREFERRED STOCK

Authorized 5,000,000 shares; Series B ESOP Convertible Preferred Stock $.01 par value, 362,004 shares issued and outstanding at January 31, 1998; 382,921 shares issued and outstanding at February 1, 1997. Each share converts into 60 shares of our common stock, has voting rights equal to the equivalent number of common shares and is entitled to cumulative annual dividends of $56.20. Under certain circumstances, the shares may be redeemed at the election of the Corporation or the ESOP.

JUNIOR PREFERRED STOCK RIGHTS

In September 1996, we declared a distribution of shares of preferred share purchase rights. Terms of the plan provide for a distribution of one preferred share purchase right for each outstanding share of the Corporation's common stock. Each right will entitle shareholders to buy one six-hundredth of a share of a new series of junior participating preferred stock at an exercise price of $50, subject to adjustment. The rights will be exercisable only if a person or group acquires ownership of 20 percent or more of our common stock or announces a tender offer to acquire 30 percent or more of our common stock.

See Notes to Consolidated Financial Statements throughout pages 25--36.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

STOCK OPTION PLAN

We have a stock option plan for key employees. Options include Incentive Stock Options, Non-Qualified Stock Options or a combination of the two. A majority of the options vest annually in equal amounts over a four-year period. These options are cumulatively exercisable and expire no later than ten years after the date of the grant. We also have a non-qualified stock option plan for non-employee members of our Board of Directors. Such options become exercisable after one year and have a ten-year term. The typical frequency of stock option grants is once each fiscal year. Due to a change in timing, two annual grant cycles fell into 1996.

A performance share and restricted share plan exists for key employees although no grants have been made since 1995. Performance shares are issued to the extent certain financial goals are met over the four-year period from the date of grant. Restricted shares are issued four years from the date of grant. Once issued, performance shares and restricted shares generally vest only upon retirement.

Options, Performance Shares and Restricted Shares Outstanding (Shares in Thousands)

	OPTIONS					
	Total Outstanding		Currently Exercisable			
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price	Performance Shares*	Restricted Shares*
January 28, 1995	7,956	$ 10.47	5,026	$ 9.44	1,488	261
Granted	2,985	11.75				
Canceled	(208)	11.95				
Exercised	(766)	6.98				
February 3, 1996	9,967	$ 11.09	5,372	$ 10.30	1,607	359
Granted	6,539	16.09				
Canceled	(145)	12.19				
Exercised	(1,751)	9.67				
February 1, 1997	14,610	$ 13.48	4,782	$ 10.88	1,264	311
Granted	2,653	33.63				
Canceled	(346)	15.02				
Exercised	(2,450)	10.27				
January 31, 1998	14,467	$ 17.69	4,860	$ 13.15	794	212

*Represents unissued shares

Options Outstanding (Shares in Thousands)

	Shares Outstanding at January 31, 1998	Range of Exercise Price
	593	$ 5.86 -- $10.00
	7,626	$10.00 -- $15.00
	6,248	$15.00 -- $34.60
Total	14,467	$ 5.86 -- $34.60

As of January 31, 1998, outstanding options had a weighted-average remaining contractual life of 7.4 years. The number of unissued common shares reserved for future grants under the stock option plans were 7,143,228 at January 31, 1998, and 9,129,094 at February 1, 1997.

We apply Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees," to account for our stock option and performance share plans. Because the exercise price of the Corporation's employee stock options equals the market price of the underlying stock on the grant date, no compensation expense related to options is recognized. Performance share compensation expense is recognized based on the fair value of the shares at the end of each reporting period. If the Corporation had elected to recognize compensation cost based on the fair value of the options and performance shares at grant date as prescribed by SFAS No. 123, "Accounting for Stock-Based Compensation," net earnings would have been the pro forma amounts shown below. Earnings per share calculated under SFAS No. 123 was unchanged from reported earnings per share.

Pro Forma Earnings	1997	1996	1995
Net Earnings -- as reported	$751	$463	$311
Net Earnings -- pro forma	$751	$462	$310

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

	1997	1996	1995
Dividend yield	1.0%	1.7%	1.7%
Volatility	25%	25%	25%
Risk free interest rate	5.4%	6.3%	6.3%
Expected life in years	5.6	5.6	5.6
Weighted Average Fair Value at Grant Date	$10.52	$ 5.65	$ 3.67

PENSION PLANS

We have three defined benefit pension plans that cover all employees who meet certain age, length of service and hours worked per year requirements. Benefits are provided based upon years of service and the employee's compensation. Contributions to the pension plans are made periodically by the Corporation. Annual pension cost is calculated based on benefits that will ultimately be paid to eligible employees. The period over which unrecognized pension costs and credits are amortized, including prior service costs and actuarial gains and losses, is based on the remaining service period for those employees expected to receive pension benefits.

Net Pension Expense (Millions of Dollars)	1997	1996	1995
Service cost benefits earned during the period	$ 27	$ 26	$ 21
Interest cost on projected benefit obligation	39	37	35
Return on assets	(118)	(78)	(87)
Net amortization and deferral	71	36	47
Total	$ 19	$ 21	$ 16

Actuarial Assumptions (As of December 31)	1997	1996	1995
Discount rate	7-1/4%	7-3/4%	7-1/2%
Expected long-term rate of return on plans' assets	9-1/4	9-3/4	9-3/4
Average assumed rate of compensation increase	4-1/4	4-3/4	4-1/2

Funded Status	December 31, 1997	December 31, 1996
Actuarial present value of		
Vested benefit obligation	$ 500	$ 428
Accumulated benefit obligation	531	455
Projected benefit obligation	610	523
Fair market value of plans' assets*	718	587
Plans' assets in excess of projected benefit obligation	108	64
Unrecognized prior service cost	3	2
Unrecognized net actuarial gain	(33)	(21)
Prepaid pension assets	$ 78	$ 45

*The plans' assets consist primarily of equity and fixed-income securities.

EMPLOYEE STOCK OWNERSHIP PLAN

We sponsor a defined contribution employee benefit plan. Employees who meet certain eligibility requirements can participate by investing up to 20 percent of their compensation. We match 100 percent of each employee's contribution up to 5 percent of respective total compensation. Our contribution to the plan is invested in the ESOP. It is anticipated that all available ESOP preferred shares (401(k) preferred shares) will be allocated to participants during 1998. The company will provide new common shares to the ESOP to fund the employer match after that date.

In 1989, we loaned $379 million to the ESOP at a 9 percent interest rate. Proceeds from the loan were used by the ESOP to purchase 438,353 shares of 401(k) preferred shares. The original issue value of the 401(k) preferred shares of $864.60 per share is guaranteed by the Corporation. Each 401(k) preferred share is convertible into 60 shares of the Corporation's common stock after giving effect to the 1998 and 1996 common share splits.

Our contributions to the ESOP, plus dividends paid on all 401(k) preferred shares held by the ESOP, are used to repay the loan principal and interest. Our cash contributions to the ESOP were $3 million in 1997, $23 million in 1996 and $45 million in 1995. Dividends earned on 401(k) preferred shares held by the ESOP were $21 million in 1997, $22 million in 1996 and $23 million in 1995. The dividends on allocated 401(k) preferred shares are paid to participants' accounts in additional 401(k) preferred shares. Benefits expense, calculated based on the shares allocated method, was $17 million in 1997, $31 million in 1996 and $39 million in 1995.

Upon a participant's termination, we are required to exchange at fair value each 401(k) preferred share for 60 shares of common stock and cash, if any. At January 31, 1998, 339,646 shares of 401(k) preferred shares were allocated to participants with a fair market value of $764 million.

The 401(k) preferred shares and related loan to ESOP are classified as Shareholders' Investment to the extent the preferred shares are permanent equity. The remaining 401(k) preferred shares of $33 million, net of the related loan to ESOP of $3 million at January 31, 1998, represent our maximum cash obligation at year end, measured by the market value difference between the preferred shares and common shares, and is excluded from Shareholders' Investment.

POSTRETIREMENT HEALTH CARE BENEFITS

Retired employees 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 Corporation has the right to modify or terminate these benefits.

Accumulated Postretirement Benefit Obligation (Millions of Dollars)	December 31, 1997	December 31, 1996
Retirees	$ 50	$ 48
Fully eligible active plan participants	19	18
Other active plan participants	12	10
Prior service cost	(3)	(4)
Unrecognized gain	23	31
Accrued Health Care Cost	$ 101	$ 103

Net Periodic Cost	1997	1996	1995
Service cost benefits earned during the period	$ 1	$ 1	$ 1
Interest cost on accumulated benefits	5	5	5
Total	$ 6	$ 6	$ 6

An increase in the cost of covered health care benefits of 7 percent is assumed for 1998. The rate is assumed to decrease to 6 percent in the year 2000 and remain at that level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported. For example, a 1 percent increase in the health care trend rate would increase the accumulated postretirement benefit obligation by $5 million at January 31, 1998 and the net periodic cost by $.4 million for the year. The discount rate used in determining the accumulated postretirement benefit obligation was 7 1/4 percent for 1997, 7 3/4 percent for 1996 and 7 1/2 percent for 1995.

Quarterly Results (Unaudited)

The same accounting policies are followed in preparing quarterly financial data as are followed in preparing annual data. Costs directly associated with revenues, such as cost of goods sold and percentage rent on leased stores, are allocated based on revenues. Certain other costs not directly associated with revenues, such as benefit plan expenses and real estate taxes, are allocated evenly throughout the year.

The table below summarizes results by quarter for 1997 and 1996:

(Millions of Dollars, Except Per Share Data)	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Total Year	
	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996
Revenues	$ 5,889	$ 5,380	$ 6,293	$ 5,751	$ 6,622	$ 6,073	$ 8,953	$ 8,167	$ 27,757	$ 25,371
Gross Profit (a)	$ 1,636	$ 1,431	$ 1,707	$ 1,554	$ 1,807	$ 1,621	$ 2,287	$ 2,137	$ 7,437	$ 6,743
Net Earnings Before										
Extraordinary Charges (b)	$ 126	$ 42	$ 141	$ 101	$ 179	$ 116	$ 356	$ 215	$ 802	$ 474
Net Earnings (b)(c)	$ 105	$ 41	$ 130	$ 101	$ 160	$ 107	$ 356	$ 214	$ 751	$ 463
Basic Earnings Per Share (b)(c)(d)(e)	$ .23	$ .08	$ .29	$ .22	$ .36	$ .24	$ .80	$ .48	$ 1.68	$ 1.02
Diluted Earnings Per Share (b)(c)(d)(e)	$ .22	$ .08	$ .27	$ .21	$ .34	$ .23	$ .76	$ .45	$ 1.59	$ .97
Dividends Declared Per Share (e)	$ .08	$ .08	$ .08	$ .08	$ .08	$ .08	$ .09	$ .08	$ .33	$ .32
Common Stock Price (f)										
High	$ 23.00	$ 16.31	$ 32.31	$ 18.31	$ 32.75	$ 18.00	$ 36.84	$ 19.94	$ 36.84	$ 19.94
Low	$ 18.94	$ 12.25	$ 23.19	$ 14.56	$ 26.19	$ 15.38	$ 30.78	$ 17.31	$ 18.94	$ 12.25

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

(b) Third quarter 1997 net earnings include a $32 million pre-tax gain, $.04 per basic and diluted share, related to the 1997 securitization transaction. Total year net earnings include a $45 million pre-tax gain, $.06 per basic and diluted share, related to the 1997 and 1995 securitization transactions.

(c) In 1997, first, second and third quarter net earnings include extraordinary charges, net of tax, related to the purchase and redemption of debt of $21 million, $11 million and $19 million, respectively, or $.05, $.03 and $.04 per basic share and $.05, $.02 and $.04, per diluted share. In 1996, first, third, and fourth quarter net earnings include extraordinary charges, net of tax, related to the purchase and redemption of debt of $1 million, $9 million and $1 million, respectively, or $.00, $.02, and $.00 per basic and diluted share.

(d) Fourth quarter and total year 1996 net earnings before extraordinary charges, net earnings and earnings per share include a pre-tax real estate repositioning charge of $134 million, or $.19 per basic share and $.18 per diluted share.

(e) Per share amounts are computed independently for each of the quarters presented. The sum of the quarters may not equal the total year amount due to the impact of changes in average quarterly shares outstanding and/or rounding caused by the 1998 two-for-one common share split and the 1996 three-for-one common share split.

(f) The Corporation's common stock is listed on the New York Stock Exchange and Pacific Stock Exchange. At March 20, 1998 there were 11,525 shareholders of record and the common stock price was $42.50 per share ($85.00 on a pre-split basis).

Report of Independent Auditors
Board of Directors and Shareholders
Dayton Hudson Corporation

We have audited the accompanying consolidated statements of financial position of Dayton Hudson Corporation and subsidiaries as of January 31, 1998 and February 1, 1997 and the related consolidated results of operations, cash flows and shareholders' investment for each of the three years in the period ended January 31, 1998. 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 generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Dayton Hudson Corporation and subsidiaries at January 31, 1998 and February 1, 1997 and the consolidated results of their operations and their cash flows for each of the three years in the period ended January 31, 1998 in conformity with generally accepted accounting principles.

/s/ Ernst & Young LLP
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Ernst & Young LLP
Minneapolis, Minnesota

March 3, 1998

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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 generally accepted accounting principles 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 ensure 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 generally accepted auditing standards.

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

/s/ Douglas A. Scovanner
- ------------------------
Douglas A. Scovanner
Senior Vice President and
Chief Financial Officer

/s/ JoAnn Bogdan
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JoAnn Bogdan
Controller and Chief Accounting Officer
March 3, 1998

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REPORT OF AUDIT COMMITTEE

The Audit Committee met three times during fiscal 1997 to review the overall audit scope, plans for internal and independent audits, the Corporation's systems of internal control, emerging accounting issues, officer and director expenses, audit fees and retirement plans. The Committee also met individually with the internal auditors and 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 1998, subject to the approval of the shareholders at the annual meeting.

March 3, 1998

SUMMARY FINANCIAL AND OPERATING DATA

(Millions of Dollars, Except Per Share Data)		1997	1996	1995(a)	1994	1993	1992
INCOME STATEMENT DATA							
Revenues		$ 27,757	25,371	23,516	21,311	19,233	17,927
Cost of retail sales, buying and occupancy		$ 20,320	18,628	17,527	15,636	14,164	13,129
Selling, publicity and administrative		$ 4,532	4,289	4,043	3,614	3,158	2,961
Depreciation and amortization		$ 693	650	594	548	515	476
Interest expense, net		$ 416	442	442	426	446	437
Earnings before income taxes and extraordinary charge (c)		$ 1,326	783	501	714	607	611
Income taxes		$ 524	309	190	280	232	228
Net earnings (c) (d)		$ 751	463	311	434	375	383
Financial Position Data							
Working capital		$ 1,005	1,329	1,432	1,569	1,436	1,450
Property and equipment, net		$ 8,125	7,467	7,294	6,385	5,947	5,563
Total assets		$ 14,191	13,389	12,570	11,697	10,778	10,337
Long-term debt		$ 4,425	4,808	4,959	4,488	4,279	4,330
Shareholders' investment		$ 4,460	3,790	3,403	3,193	2,849	2,566
Per Common Share Data (b)							
Diluted earnings per share (c) (d)		$ 1.59	.97	.65	.92	.80	.80
Cash dividend declared		$ .33	.32	.30	.28	.27	.26
Market price:	high	$ 36.84	19.94	13.25	14.31	13.94	13.19
	low	$ 18.94	12.25	10.75	10.88	10.56	9.81
	year-end close	$ 35.97	18.81	12.50	11.50	11.00	12.94
Common shareholders' investment		$ 9.59	8.21	7.47	7.07	6.38	5.80
Other Data							
Average common shares outstanding (millions) (b)		436.1	433.3	431.0	429.6	428.8	427.8
Diluted average common shares outstanding (millions) (b)		463.7	460.9	458.3	457.4	456.3	455.6
Capital expenditures		$ 1,354	1,301	1,522	1,095	978	938
Number of Stores:	Target	796	736	670	611	554	506
	Mervyn's	269	300	295	286	276	265
	DSD	65	65	64	63	63	63
Total stores		1,130	1,101	1,029	960	893	834
Total retail square footage (thousands)		123,058	117,989	109,091	101,163	93,947	87,362
Number of employees		230,000	218,000	214,000	194,000	174,000	170,000

The Summary Financial and Operating Data should be read in conjunction with the Notes to Consolidated Financial Statements on pages 25--36.

(a) Consisted of 53 weeks.

(b) Earnings per share, dividends per share and common shares outstanding have been adjusted to reflect our April 30, 1998 two-for-one common share split and our 1996 three-for-one common share split.

(c) 1997 included a $45 million pre-tax ($.06 per share) gain related to the sales of securitized accounts receivable; 1996 included a pre-tax real estate repositioning charge of $134 million ($.18 per share).

(d) Extraordinary charge, net of tax, related to early extinguishment of debt was $51 million ($.11 per share) in 1997, and $11 million ($.02 per share) in 1996.

EXHIBIT 21

DAYTON HUDSON CORPORATION

LIST OF SUBSIDIARIES

The Associated Merchandising Corporation (NY)
Bullseye Corporation (DE)
Capitol Lounge Corp. (WI)
Clybourn Trading Corp. (WI)
Dayton Credit Company (MN)
Dayton Development Company (MN)
Dayton Hudson Capital Corporation (MN)
Dayton Hudson Corporation (MN)
Dayton Hudson Foundation (a MN not-for-profit organization)
Dayton Hudson Insurance Agency, Inc. (MN)
Dayton Hudson Receivables Corporation (MN)
Dayton's Commercial Interiors, Inc. (MN)
Dayton's Iron Horse Liquors, Inc. (MN)
Dayton's Sioux Falls, Inc. (SD)
DHC Wine & Liquor Shop, Inc. (WI)
Eighth Street Development Company (MN)
Marshall Field's Chicago, Inc. (DE)
Marshall Field of Columbus, Inc. (OH)
Marshall Field's Mayfair, Inc. (WI)
Marshall Field Stores, Inc. (DE)
Mervyn's (CA)
Mervyn's, Inc. (DE)
Retailer's National Bank, N.A.
Retail Properties, Inc. (DE)
Rooftop, Inc. (MN)
Seatamatic, Inc. (NV)
STL of Nebraska, Inc. (MN)
Target Connect, Inc. (MN)
Target Services, Inc. (MN)
Target Stores, Inc. (MN)

NOTE: Parenthetical information denotes state of incorporation

Exhibit 23

Consent of Independent Auditors

We consent to the incorporation by reference in the Annual Report (Form 10-K) of Dayton Hudson Corporation of our report dated March 3, 1998, included in the 1997 Annual Report to Shareholders of Dayton Hudson Corporation.

We also consent to the incorporation by reference in Registration Statement Numbers 33-42364, 333-389 and 333-12915 on Form S-3 and Registration Statement Numbers 33-6918, 33-64013, 333-30311 and 333-27435 on Form S-8 of our report dated March 3, 1998, with respect to the consolidated financial statements incorporated by reference in this Annual Report (Form 10-K) of Dayton Hudson Corporation.

/s/ Ernst & Young LLP

Minneapolis, Minnesota
April 15, 1998

DAYTON HUDSON CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of DAYTON HUDSON CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended January 31, 1998, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the DHC 401(k) Plan (formerly referred to as the "Supplemental Retirement, Savings, and Employee Stock Ownership Plan") and similar plans pursuant to Section 15(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Form 3, Form 4 or Form 5 pursuant to Section 16(a) of the 1934 Act and all amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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

IN WITNESS WHEREOF, the undersigned has signed below as of this 11th day of March, 1998.

/s/ L. DeSimone

Livio D. DeSimone

DAYTON HUDSON CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of DAYTON HUDSON CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended January 31, 1998, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the DHC 401(k) Plan (formerly referred to as the "Supplemental Retirement, Savings, and Employee Stock Ownership Plan") and similar plans pursuant to Section 15(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Form 3, Form 4 or Form 5 pursuant to Section 16(a) of the 1934 Act and all amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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IN WITNESS WHEREOF, the undersigned has signed below as of this 23rd day of March, 1998.

/s/ Roger A. Enrico

Roger A. Enrico

DAYTON HUDSON CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of DAYTON HUDSON CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended January 31, 1998, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the DHC 401(k) Plan (formerly referred to as the "Supplemental Retirement, Savings, and Employee Stock Ownership Plan") and similar plans pursuant to Section 15(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Form 3, Form 4 or Form 5 pursuant to Section 16(a) of the 1934 Act and all amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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IN WITNESS WHEREOF, the undersigned has signed below as of this 11th day of March, 1998.

/s/ William W. George

William W. George

DAYTON HUDSON CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of DAYTON HUDSON CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended January 31, 1998, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the DHC 401(k) Plan (formerly referred to as the "Supplemental Retirement, Savings, and Employee Stock Ownership Plan") and similar plans pursuant to Section 15(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Form 3, Form 4 or Form 5 pursuant to Section 16(a) of the 1934 Act and all amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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IN WITNESS WHEREOF, the undersigned has signed below as of this 11th day of March, 1998.

/s/ Michele J. Hooper

Michele J. Hooper

DAYTON HUDSON CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of DAYTON HUDSON CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended January 31, 1998, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the DHC 401(k) Plan (formerly referred to as the "Supplemental Retirement, Savings, and Employee Stock Ownership Plan") and similar plans pursuant to Section 15(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Form 3, Form 4 or Form 5 pursuant to Section 16(a) of the 1934 Act and all amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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IN WITNESS WHEREOF, the undersigned has signed below as of this 11th day of March, 1998.

/s/ James A. Johnson

James A. Johnson

DAYTON HUDSON CORPORATION

Power of Attorney
of Director and/or Officer

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IN WITNESS WHEREOF, the undersigned has signed below as of this 11th day of March, 1998.

/s/ Richard M. Kovacevich

Richard M. Kovacevich

DAYTON HUDSON CORPORATION

Power of Attorney
of Director and/or Officer

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IN WITNESS WHEREOF, the undersigned has signed below as of this 11th day of March, 1998.

/s/ Susan A. McLaughlin

Susan A. McLaughlin

DAYTON HUDSON CORPORATION

Power of Attorney
of Director and/or Officer

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IN WITNESS WHEREOF, the undersigned has signed below as of this 11th day of March, 1998.

/s/ Anne M. Mulcahy

Anne M. Mulcahy

DAYTON HUDSON CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of DAYTON HUDSON CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended January 31, 1998, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the DHC 401(k) Plan (formerly referred to as the "Supplemental Retirement, Savings, and Employee Stock Ownership Plan") and similar plans pursuant to Section 15(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Form 3, Form 4 or Form 5 pursuant to Section 16(a) of the 1934 Act and all amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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IN WITNESS WHEREOF, the undersigned has signed below as of this 11th day of March, 1998.

/s/ Stephen W. Sanger

Stephen W. Sanger

DAYTON HUDSON CORPORATION

Power of Attorney
of Director and/or Officer

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IN WITNESS WHEREOF, the undersigned has signed below as of this 11th day of March, 1998.

/s/ Solomon D. Trujillo

Solomon D. Trujillo

DAYTON HUDSON CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of DAYTON HUDSON CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended January 31, 1998, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the DHC 401(k) Plan (formerly referred to as the "Supplemental Retirement, Savings, and Employee Stock Ownership Plan") and similar plans pursuant to Section 15(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Form 3, Form 4 or Form 5 pursuant to Section 16(a) of the 1934 Act and all amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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

IN WITNESS WHEREOF, the undersigned has signed below as of this 11th day of March, 1998.

/s/ Bob Ulrich

Bob Ulrich

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This schedule contains summary financial information extracted from
Dayton Hudson Corporation's Form 10K for the year ended January 31, 1998
and is qualified in its entirety by reference to such financial statements.

1,000,000

YEAR
JAN-31-1998
FEB-02-1997
JAN-31-1998
211
0
1,681
126
3,251
5,561
11,513
3,388
14,191
4,556
4,425
30
0
73
4,387
14,191
27,757
27,757
20,320
20,320
5,552
143
416
1,326
524
802
0
51
0
751
1.68
1.59

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This schedule contains summary financial information extracted from Dayton Hudson Corporations Form 10K for the fiscal years ended February 3, 1996 and February 1, 1997 and Forms 10Q for the quarters ended May 4, 1996, April 3, 1996 and November 2, 1996 and is qualified in its entirety by reference to such financial statements.

1,000,000

YEAR	YEAR	3-MOS	6-MOS	9-MOS
FEB-03-1996	FEB-01-1997	FEB-01-1997	FEB-01-1997	FEB-01-1997
JAN-29-1995	FEB-04-1996	FEB-04-1996	FEB-04-1996	FEB-04-1996
FEB-03-1996	FEB-01-1997	MAY-04-1996	AUG-03-1996	NOV-02-1996
175	201	230	221	204
0	0	0	0	0
1,579	1,839	1,449	1,474	1,652
69	119	66	62	70
3,018	3,031	3,175	3,228	3,949
4,955	5,440	5,005	5,052	5,991
10,224	10,469	10,389	10,401	10,572
2,930	3,002	3,006	2,944	3,038
12,570	13,389	12,785	13,012	14,009
3,523	4,111	3,546	3,520	4,494
4,959	4,808	5,125	5,297	5,235
347	50	51	54	51
0	0	0	0	0
72	72	72	72	72
3,154	3,718	3,363	3,441	3,524
12,570	13,389	12,785	13,012	14,009
23,133	25,371	5,380	11,131	17,204
23,516	25,371	5,380	11,131	17,204
17,527	18,628	3,949	8,146	12,598
17,527	18,628	3,949	8,146	12,598
4,942	5,394	1,234	2,502	3,790
104	124	20	28	54
442	442	109	220	334
501	783	68	235	428
190	309	27	93	169
311	474	41	142	259
0	0	0	0	0
0	11	0	0	10
0	0	0	0	0
311	463	41	142	249
0.67	1.02	0.08	0.35	0.54
0.65	0.97	0.08	0.29	0.52

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This schedule contains summary financial information extracted from Dayton Hudson Corporation's Form 10Q's for the quarters ended May 3, 1997, August 2, 1997 and November 1, 1997 and is qualified in its entirety by reference to such financial statements.

1,000,000

3-MOS	6-MOS	9-MOS
JAN-31-1998	JAN-31-1998	JAN-31-1998
FEB-02-1997	FEB-02-1997	FEB-02-1997
MAY-03-1997	AUG-02-1997	NOV-01-1997
237	216	220
0	0	0
1,678	1,686	1,454
131	135	116
3,330	3,363	4,065
5,525	5,539	6,049
10,593	10,920	11,231
3,042	3,171	3,304
13,567	13,775	14,491
4,023	4,047	4,953
5,000	5,072	4,270
44	34	34
0	0	0
73	73	73
3,804	3,913	4,045
13,567	13,775	14,491
5,889	12,182	18,804
5,889	12,182	18,804
4,253	8,839	12,598
4,253	8,839	12,598
1,285	2,623	5,055
36	65	92
107	214	321
208	441	738
82	174	292
126	267	446
0	0	0
21	32	51
0	0	0
105	235	395
0.23	0.56	0.87
0.22	0.49	0.83

CAUTIONARY STATEMENTS RELATING TO FORWARD-LOOKING INFORMATION.

The Company and its representatives may, from time to time, make written or verbal forward-looking statements. Those statements relate to developments, results, conditions or other events the Company expects or anticipates will occur in the future. Without limiting the foregoing, those statements may relate to future revenues, earnings, store openings, market conditions 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 their businesses with many other local, regional and national retailers. Those competitors, some of which have a greater market presence than the Company, include traditional and off-price store-based retailers, direct mail businesses, entertainment and travel providers and other forms of retail commerce. Unanticipated changes in the pricing and other practices of those competitors may impact our expected results.

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

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

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

GENERAL ECONOMIC CONDITIONS

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

LABOR CONDITIONS

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

PRODUCT SOURCING

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

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 inability to achieve year 2000 readiness in a timely and cost-effective manner, shifts in the seasonality of shopping patterns, labor strikes or other work interruptions, the impact of excess retail capacity in our markets, material acquisitions or dispositions, the success or failure of significant new business ventures, adverse results in material litigation, natural disasters, the outbreak of war or other significant national or international events.

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