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 February 3, 2001

OR

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

For the Transition period from _______ to _______

Commission File Number 1-6049

TARGET CORPORATION

(Exact name of registrant as specified in its charter)

Minnesota (State or other jurisdiction of incorporation or organization)	**41-0215170** (I.R.S. Employer Identification No.)
777 Nicollet Mall, Minneapolis, Minnesota (Address of principal executive offices)	**55402-2055** (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 $.0833 per share	New York Stock Exchange Pacific Exchange
Preferred Share Purchase Rights	New York Stock Exchange Pacific Exchange

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

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

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

Aggregate market value of the voting stock held by non-affiliates of the Registrant on April 1, 2001 was $32,359,695,841, based on the closing price of $36.08 per share of Common Stock as reported on the New York Stock Exchange—Composite Index. (Excluded from this figure is the voting stock held by Registrant's Directors and Executive Officers.)

Indicate the number of shares outstanding of each of Registrant's classes of Common Stock, as of the latest practicable date. April 1, 2001: 899,069,348 shares of Common Stock, par value $.0833.

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of Registrant's 2000 Annual Report to Shareholders are incorporated into Parts I, II and IV.

2. Portions of Registrant's Proxy Statement dated April 16, 2001 are incorporated into Part III. (The Report of the Compensation Committee, the Report of the Audit Committee and the stock performance graph contained in the Registrant's Proxy Statement are expressly not incorporated by reference in this Form 10-K.)

PART I

Item 1. Business.

The first paragraph of Fourth Quarter Results, Page 19; Analysis of Financial Condition, Page 20; Performance Objectives, Page 21; Credit Operations, Page 22; first textual paragraph of Summary of Accounting Policies—Organization, Page 24; Acquisitions, Page 34; Quarterly Results (Unaudited), Page 35; Business Segment Comparisons, excluding years 1995-1997, Page 36; the information relating to store locations on Pages 16 and 23, and the information relating to total stores on Page 37, excluding years 1995-1997, of Registrant's 2000 Annual Report to Shareholders are incorporated herein by reference. The Registrant was incorporated in Minnesota in 1902. At the end of fiscal 2000, Registrant employed 254,000 people, including 192,000 at Target Stores, 28,000 at Mervyn's and 32,000 at Marshall Field's.

Competition

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

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

Item 2. Properties.

Leases, Page 33, Owned and Leased Store Locations, Page 33, and the list of store locations on Pages 16 and 23 of Registrant's 2000 Annual Report to Shareholders are incorporated herein by reference.

Item 3. Legal Proceedings.

Commitments and Contingencies, Page 34, of Registrant's 2000 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, 2001 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 Stores (a division of Registrant)	57
Linda L. Ahlers	President of Marshall Field's (a division of Registrant)	50
Todd V. Blackwell	Senior Vice President, Human Resources of Registrant	39
Bart Butzer	President of Mervyn's (a subsidiary of Registrant)	44
Michael R. Francis	Senior Vice President, Marketing of Registrant	38
John D. Griffith	Senior Vice President, Property Development of Registrant	39
James T. Hale	Executive Vice President, General Counsel and Corporate Secretary of Registrant	60
Maureen W. Kyer	Senior Vice President, Merchandising of Mervyn's	47
Douglas A. Scovanner	Executive Vice President and Chief Financial Officer of Registrant	45
Paul L. Singer	Senior Vice President and Chief Information Officer of Registrant	47
Gregg W. Steinhafel	President of Target Stores	46

Gerald L. Storch	Vice Chairman of Registrant	44
Ertugrul Tuzcu	Executive Vice President, Store Operations of Marshall Field's	48

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, 2001 is set forth below.

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

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

Todd V. Blackwell Senior Vice President, Human Resources of Registrant since September 2000. Senior Vice President, Stores of Mervyn's from 1998 to 2000 and Regional Vice President, Stores of Mervyn's from 1995 to 1998.

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

Michael R. Francis Senior Vice President, Marketing of Registrant since January 2001. Senior Vice President, Marketing and Visual Merchandising of Marshall Field's from 1996 to 2000 and Senior Vice President, Marketing of Marshall Field's from 1995 to 1996.

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

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

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

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

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

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

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

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

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 2000 Annual Report to Shareholders are incorporated herein by reference.

Item 6. Selected Financial Data.

The data on years 1996-2000 in the Summary Financial and Operating Data (excluding 1995 and Other Data), Page 37, of Registrant's 2000 Annual Report to Shareholders is incorporated herein by reference.

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

Management's Discussion and Analysis, Pages 17-23, and the last textual paragraph of Pension and Postretirement Health Care Benefits, Page 32, of Registrant's 2000 Annual Report to Shareholders are incorporated herein by reference.

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

The Registrant's operations are not currently subject to market risks of a material nature for interest rates, foreign currency rates, commodity prices or other market price risks.

Item 8. Financial Statements and Supplementary Data.

Pages 24-36 (excluding years 1995-1997 on Page 36) and the Report of Independent Auditors, Page 38, of Registrant's 2000 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

Certain information required by Part III is incorporated by reference from the Registrant's definitive Proxy Statement dated April 16, 2001 (the Proxy Statement). Except for those portions specifically incorporated in this Form 10-K by reference to the Company's Proxy Statement, no other portions of the Proxy Statement are deemed to be filed as part of this Form 10-K.

Item 10. Directors and Executive Officers of the Registrant.

Election of Directors, Pages 5-10, and Section 16(a) Beneficial Ownership Reporting Compliance, Page 23, of Registrant's Proxy Statement dated April 16, 2001, are incorporated herein by reference. See also Item X of Part I hereof.

Item 11. Executive Compensation.

Executive Compensation, Pages 12-18, and Director Compensation, Page 8, of Registrant's Proxy Statement dated April 16, 2001, are incorporated herein by reference.

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

Largest Owners of the Corporation's Shares, Page 11, and Share Ownership of Directors and Officers, Pages 10-11, of Registrant's Proxy Statement dated April 16, 2001, are incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions.

Not Applicable.

PART IV

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

a)

Financial Statements:

Consolidated Results of Operations for the Years Ended February 3, 2001, January 29, 2000 and January 30, 1999.

Consolidated Statements of Financial Position at February 3, 2001 and January 29, 2000.

Consolidated Statements of Cash Flows for the Years Ended February 3, 2001, January 29, 2000 and January 30, 1999.

Consolidated Statements of Shareholders' Investment for the Years Ended February 3, 2001, January 29, 2000 and January 30, 1999.

Information which is an integral part of the financial statements: Notes to Consolidated Financial Statements on Pages 24-27, 29, 31-36 (excluding years 1995-1997 on Page 36) and the Report of Independent Auditors on Page 38 in Registrant's 2000 Annual Report to Shareholders.

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

b)

Reports on Form 8-K

Form 8-K filed January 4, 2001, providing the News Release relating to December sales results.

c)

Exhibits

(2)	Not applicable
(3)A.	Restated Articles of Incorporation (as amended July 19, 2000). Incorporated by reference to Exhibits (3)A. to Registrant's Form 10-Q Reports for the quarters ended May 2, 1998 and July 29, 2000.
B.	By-Laws (as amended through November 11, 1998). Incorporated by reference to Exhibit (3)(ii). to Registrant's Form 10-Q Report for the quarter ended October 31, 1998.
C.	Articles of Merger. Incorporated by reference to Exhibit (3)A. to Registrant's Form 8-K filed on January 31, 2000.
(4)A.	Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock, as

amended. Incorporated by reference to Exhibit (4)A. to Registrant's Form 10-K Report for the year ended January 29, 2000.

B. Rights Agreement, dated as of September 11, 1996, between the Registrant and First Chicago Trust Company of New York, as Rights Agent. Incorporated by reference to Exhibit 1 to Registrant's Form 8-K dated September 11, 1996.

C. First Amendment to Rights Agreement, dated as of May 17, 1999, between the Registrant and First Chicago Trust Company of New York, as Rights Agent. Incorporated by reference to Exhibit 1 to Registrant's Form 8-A/A Registration Statement dated May 17, 1999.

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

(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. *Supplemental Pension Plan I (d)
E. *Executive Long-Term Incentive Plan of 1981, as amended and restated through January 13, 1999 (e)
F. *Supplemental Pension Plan II (f)
G. *Supplemental Pension Plan III (g)
H. *Deferred Compensation Plan Senior Management Group (h)
I. *Deferred Compensation Plan Directors (i)
J. *Income Continuance Policy, as amended through January 13, 1999 (j)
K. *SMG Income Continuance Policy, as amended through January 13, 1999 (k)
L. *SMG Executive Deferred Compensation Plan (l)
M. *Director Deferred Compensation Plan (m)
N. *Long-Term Incentive Plan of 1999 (n)
O. * Executive Excess Long Term Disability Plan
P. *Agreement (o)
(11) Not applicable
(12) Statements re Computations of Ratios
(13) 2000 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 (p)
(99)A. Registrant's Form 11-K Report
B. Registrant's Proxy Statement dated April 16, 2001 (only those portions specifically incorporated by reference herein shall be deemed filed with the Commission)(q)
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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* Management contract or compensation plan or arrangement required to be filed as an exhibit to this Form 10-K.

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

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

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

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

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

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

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

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

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

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

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

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

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

(n)

Incorporated by reference to Exhibit (10). to the Registrant's Form 10-Q Report for the quarter ended May 1, 1999.

(o)

Incorporated by reference to Exhibit (10)A. to the Registrant's Form 10-Q Report for the quarter ended July 29, 2000.

(p)

Incorporated by reference to Exhibit 24 to the Registrant's Registration Statement on Form S-3, No. 333-58252.

(q)

Incorporated by reference to Registrant's Proxy Statement dated April 16, 2001.

SIGNATURES

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

TARGET CORPORATION

By: /s/ DOUGLAS A. SCOVANNER

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

Dated: April 16, 2001

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

/s/ BOB ULRICH

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

Dated: April 16, 2001

/s/ DOUGLAS A. SCOVANNER

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

Dated: April 16, 2001

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

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

By: /s/ DOUGLAS A. SCOVANNER

Douglas A. Scovanner
Attorney-in-Fact

Dated: April 16, 2001

EXHIBITS filed with Target Corporation FORM 10-K

For the Year Ended February 3, 2001

(10)O. Executive Excess Long Term Disability Plan

(12) Statements re Computations of Ratios

(13) 2000 Annual Report to Shareholders

(21) List of Subsidiaries

(23) Consent of Independent Auditors

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

C. Cautionary Statements Relating to Forward-Looking Information

QuickLinks

PART I

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

PART II

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

PART III

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

PART IV

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

SIGNATURES

QuickLinks -- Click here to rapidly navigate through this document

Amended and Restated 02-01-00

TARGET CORPORATION

EXECUTIVE EXCESS LONG TERM DISABILITY PLAN

ARTICLE I

GENERAL

Sec. 1.1 Name of Plan. The name of the benefit plan set forth herein is "Target Corporation Executive Excess Long Term Disability Plan (the "Plan").

Sec. 1.2 Purpose. The Plan has been established by the Target Corporation (the "Company") to provide long term disability income that the Target Corporation Long Term Disability Plan, the Mervyn's Disability Plus Plan, the AMC Long Term Disability Plan and/or the RTC Long Term Disability Plan, as in effect from time to time, (the "TGT LTD Plans"), cannot provide to certain Participants in such plan(s) because of the limitations imposed by the Internal Revenue Code of 1986, as amended, ("Code") relative to compensation above a certain maximum in connection with computing long term disability benefits under qualified plans. This Plan will apply to all compensation in excess of the amount included in the TGT LTD Plans up to a cap of two million dollars. This cap may be changed by action of the Plan Administrative Committee for the Non-Qualified Plans ("PAC") at any time. The Plan is intended to be a "top hat plan" as defined in Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended from time to time, ("ERISA") and shall be interpreted and administered accordingly.

Sec. 1.3 Qualified Plans. The TGT LTD Plans are sometimes referred to herein as a "Qualified Plans".

Sec. 1.4 Participation. An employee of the Company or a subsidiary of the Company who is a member of a select group of management and a highly compensated employee of the Company, or a subsidiary of the Company, becomes and remains a Participant in this Plan only if he is a Participant in one of the TGT LTD Plans and has compensation in excess of the Code limits for qualified earnings under a qualified long term disability plan

Sec. 1.5 Miscellaneous. The terms in this Plan shall have the same meaning as those used in the Qualified Plans unless the context clearly indicates the contrary.

ARTICLE II

EXCESS LONG TERM BENEFITS

Sec. 2.1 Amount of Excess Long Term Disability. Each Participant in this Plan shall be entitled to excess long term disability payments as set forth on Schedule A.

Sec. 2.2 Payments of Excess Long Term Disability. Taxable payments shall be made in accordance with procedures established by the PAC or its designee.

ARTICLE III

MISCELLANEOUS

Sec. 3.1 Unfunded. This Plan shall be unfunded. No person entitled to a benefit under this Plan shall, by virtue of this Plan, have any interest in any specific asset or assets of the Company. Such persons have only an unsecured contract right to receive payments in accordance with this Plan.

Sec. 3.2 Benefits May Not Be Assigned or Alienated. Except as required by law, the interests of persons entitled to benefits under this Plan may not in any manner whatsoever be assigned or alienated, whether voluntarily or involuntarily, or directly or indirectly.

Sec. 3.3 Not Employment Agreement. This Plan is not an employment agreement and does not assure the continued employment of any employee or Participant for any time or period.

Sec. 3.4 Administration. The PAC or its designee shall control and manage the operations and administration of this Plan and make all decisions and determinations incident thereto.

Sec. 3.5 Claims Procedure. If you believe that the Company's determination is incorrect in any way, you must file a written claim with the PAC. The PAC ordinarily will respond to the claim within 90 days of the date on which it is received. However, if special circumstances require an extension of the period of time for processing a claim, the 90 day period can be extended for an additional 90 days by giving you written notice of the extension and the reason that the extension is necessary. In no event will the PAC determine a Participant to be eligible under this Plan if they are not eligible and participating under the TGT LTD Plans.

If the claim for a benefit is approved, you will receive written notice of the amount of your benefit and the date on which payments will begin. If your claim is denied in whole or in part, you will be told in writing the specific reasons for the decision and will receive an explanation of the procedures for reviewing the decision.

If you do not agree with the decision, you can request that the PAC reconsider its decision by filing a written request for review within 60 days after receiving notice that the claim has been denied. You or your representative can also present written statements which explain why you believe that the benefit claimed should be paid and may review all pertinent plan documents.

Generally, the decision will be reviewed within 60 days after the PAC receives a request for reconsideration. However, if special circumstances require a delay, the review may take up to 120 days. (If a decision cannot be made within the 60-day period, you will be notified of this fact in writing.) You will receive a written

notice of the decision which will explain the reasons for the decision by making specific reference to the Plan provisions on which the decision is based.

ARTICLE IV

AMENDMENT, TERMINATION AND APPLICABLE LAW

Sec. 4.1 Amendment and Termination. This Plan may be amended or terminated at any time by action of the Board of Directors of the Company, the PAC or the Chief Executive Officer of the Company.

Sec. 4.2 Applicable Law. The provisions of this Plan shall be construed and enforced according to the laws of the State of Minnesota to the extent that such laws are not preempted by the laws of the United States of America. All controversies, disputes, and claims arising hereunder shall be submitted to the United States District Court for the District of Minnesota.

Schedule A

	Benefit Calculation Provisions		**Example (see assumptions below)**
1.	Calculate the dollar difference between $2 million (that is, the highest compensation level covered by the Excess Long-Term Disability Plan) and the highest compensation level currently eligible for the qualified Long-Term Disability Plan.	Step 1:	$2,000,000 - $160,000=$1,840,000
2.	Divide this difference by 40. (That is, the percentage point difference between the bottom (40%) and top end (80%) of the compensation replacement rate range. Call this result the decremental replacement factor.)	Step 2:	$1,840,000/40=$46,000
3.	Calculate the difference between the participant's current before-tax total TGT compensation (current base salary plus the average of the latest three years' bonuses) and the highest level of compensation currently eligible for the qualified Long-Term Disability Plan.	Step 3:	$400,000 - $160,000=$240,000
4.	Divide this difference by the decremental replacement factor and subtract this amount from the top end of the compensation replacement rate. (Call this amount the target after-tax replacement rate.)	Step 4:	80 - ($240,000/$46,000)=80 - 5.2=74.8
5.	Find the after-tax value of participant's total compensation using the estimates of the participant's applicable Federal income, FICA, Medicare and state income taxes. (Assume no income source beyond TGT-paid compensation. Call this the after-tax total compensation.)	Step 5:	$400,000 - $140,000=$260,000
6.	Given the participant's current after-tax total compensation, solve for the after-tax Excess LTD benefit that, when added to the qualified LTD benefit, yields the target after-tax replacement rate.	Step 6:	Solve for X where (82,000+X)/$260,000=.748 X=$112,480
7.	Calculate the before-tax value of the excess LTD benefit, using estimates of the executive's applicable Federal income, FICA, Medicare and state income taxes, assuming that the executive has no other taxable income for the year.	Step 7:	Solve for Y where (Y - $7,000 - $8,800 - $46,720)=$112,480 Y=$175,000

Example Assumptions

Executive's current total TGT compensation (base salary and average latest three year bonuses) is $400,000

Income limit for the qualified Long-Term Disability Plan is $160,000

Combined current federal income, FICA, Medicare, and state income taxes equal 35% of the executive's total compensation

Current maximum qualified Long-Term Disability Plan benefit is $82,000 at $160,000 of eligible income

On $175,000 in before-tax Excess LTD payments, the executive pays $7,000 in FICA/Medicare, $8,800 in state income taxes, and $46,720 in federal income taxes

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QuickLinks

TARGET CORPORATION EXECUTIVE EXCESS LONG TERM DISABILITY PLAN
Schedule A

EXHIBIT (12)

TARGET CORPORATION
Computations of Ratios of Earnings to Fixed Charges and
Ratios of Earnings to Fixed Charges and Preferred Stock Dividends

(Millions of Dollars)

	Fiscal Year Ended				
	Feb. 3, 2001	**Jan. 29, 2000**	**Jan. 30, 1999**	**Jan. 31, 1998**	**Feb. 1, 1997**
Ratio of Earnings to Fixed Charges:					
Earnings:					
Consolidated net earnings before extraordinary charges	**$ 1,264**	$ 1,185	$ 962	$ 802	$ 474
Income taxes	**789**	751	594	524	309
Total earnings before extraordinary charges	**2,053**	1,936	1,556	1,326	783
Fixed charges:					
Interest expense	**468**	415	421	437	464
Interest portion of rental expense	**77**	69	63	59	59
Total fixed charges	**545**	484	484	496	523
Less:					
Capitalized interest	**(31)**	(16)	(16)	(16)	(16)
Fixed charges in earnings	**514**	468	468	480	507
Earnings available for fixed charges	**$ 2,567**	$ 2,404	$ 2,024	$ 1,806	$ 1,290
Ratio of earnings before extraordinary charges to fixed charges	**4.72**	4.96	4.18	3.65	2.46
Ratio of Earnings to Fixed Charges and Preferred Stock Dividends:					
Total fixed charges, as above	**$ 544**	$ 484	$ 484	$ 496	$ 523
Dividends on preferred stock (pre-tax basis)	**0**	29	32	35	37
Total fixed charges and preferred stock dividends	**544**	513	516	531	560
Earnings available for fixed charges and preferred stock dividends	**$ 2,567**	$ 2,404	$ 2,024	$ 1,806	$ 1,290
Ratio of earnings before extraordinary charges to fixed charges and preferred stock dividends	**4.72**	4.69	3.92	3.40	2.30

QuickLinks -- Click here to rapidly navigate through this document

Target Store Density

[MAP OF THE UNITED STATES]

Target has ample opportunities for future growth throughout the continental United States. Three factors contribute to this potential: modest annual population growth, greater penetration of less densely-stored markets, and continued growth of even our most densely penetrated states, which, as a group, has doubled its store count and square footage in the past ten years.

Year-end 2000 Store Count and Square Footage by State

Density Group	Sq. Ft. per Thousand Population	No. of Stores	Retail Sq. Ft. (in thousands)
Minnesota	1,352	56	6,653
Iowa	723	18	2,116
Nevada	699	12	1,397
North Dakota	680	4	437
Colorado	635	24	2,730
Nebraska	628	9	1,074
Arizona	608	28	3,121
Montana	568	5	512
Wisconsin	552	26	2,960
Utah	528	7	1,178
Group 1 Total	**736**	**189**	**22,178**
Michigan	519	48	5,160
South Dakota	518	4	391
California	510	151	17,283
Maryland	499	22	2,643
Illinois	495	52	6,149
Texas	492	90	10,263
Florida	485	68	7,759
Kansas	480	10	1,291
New Mexico	478	8	870
Indiana	474	29	2,882
Group 2 Total	**499**	**482**	**54,691**
Washington	463	25	2,728
Georgia	429	30	3,515
Virginia	427	25	3,019
Missouri	371	18	2,077
Wyoming	369	2	182
Tennessee	366	19	2,081
Oregon	349	11	1,194
Ohio	346	34	3,930
North Carolina	331	24	2,668
New Hampshire	317	3	392
Group 3 Total	**382**	**191**	**21,786**
Kentucky	315	12	1,274
Idaho	314	4	406
Oklahoma	250	8	861
South Carolina	228	8	916
Pennsylvania	223	22	2,739
New Jersey	222	15	1,869
Delaware	186	1	146
Massachusetts	163	8	1,035
New York	147	22	2,796
Alabama	133	4	590
Group 4 Total	**197**	**104**	**12,632**
Rhode Island	122	1	128
Connecticut	116	3	394
Arkansas	86	2	229
Mississippi	84	2	239
West Virginia	69	1	124
Louisiana	45	2	203
Maine	0	0	0
Vermont	0	0	0
Group 5 Total	**73**	**11**	**1,317**
Total	**404**	**977**	**112,604**

Analysis of Operations

[Graph]

Diluted Earnings per share

	'96	'97	'98	'99	'00
as reported	$ .49	$ .80	$ .99	$ 1.23	$ 1.38
before unusual items	$ .59	$ .82	$ 1.03	$ 1.27	$ 1.38

Earnings

Our net earnings were $1,264 million in 2000, compared with $1,144 million in 1999 and $935 million in 1998. Earnings per share were $1.38 in 2000, $1.23 in 1999 and $.99 in 1998. References to earnings per share refer to diluted earnings per share. Earnings per share, dividends per share and common shares outstanding reflect our 2000 and 1998 two-for-one share splits and our 1996 three-for-one share split.

Earnings Analysis
(millions, except per share data)

	Earnings			Diluted Earnings per Share		
	2000	**1999**	**1998**	**2000**	**1999**	**1998**
Net earnings before unusual items	**$ 1,264**	$ 1,188	$ 970	**$ 1.38**	$ 1.27	$ 1.03
Unusual items, after tax	**—**	(3)	(8)	**—**	—	(.01)
Net earnings before extraordinary charges	**1,264**	1,185	962	**1.38**	1.27	1.02
Extraordinary charges—debt repurchase	**—**	(41)	(27)	**—**	(.04)	(.03)
Net earnings	**$ 1,264**	$ 1,144	$ 935	**$ 1.38**	$ 1.23	$ .99

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

The unusual item in 1999 relates to our mainframe outsourcing. The unusual items in 1998 include a mainframe outsourcing charge of $26 million after tax, or $.03 per share, a reduction in our effective tax rate due to the favorable outcome of an inventory shortage tax matter of $20 million, or $.02 per share, and a net loss from securitization of $2 million after tax, less than $.01 per share.

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

[Graph]

Revenues
(millions)

'96	'97	'98	'99	'00
$ 25,092	$ 27,487	$ 30,662	$ 33,702	$ 36,903

Revenues and Comparable-store Sales

In 2000, a 53-week year, our total revenues increased 9.5 percent and 52-week comparable-store sales increased 2.4 percent. Total revenues include retail sales and net credit revenues. Comparable-store sales are sales from stores open longer than one year. Revenue growth in 2000 reflected Target's new store expansion, modest comparable-store sales growth and growth in our credit operations. Revenue growth in 1999 reflected Target's strong comparable-store sales growth, new store expansion and growth in credit operations. The impact of inflation was minimal and, as a result, the overall comparable-store sales increase closely approximated real growth.

Revenues and Comparable-store Sales Growth

	2000			1999	
	53 Weeks	52 Weeks		52 Weeks	
	Revenues	Revenues	Comparable-Store Sales	Revenues	Comparable-Store Sales
Target	**12.3%**	**10.5%**	**3.4%**	13.3%	6.7%
Mervyn's	**1.3**	**0.2**	**0.3**	(1.2)	(0.7)
Marshall Field's	**(2.1)**	**(3.3)**	**(4.0)**	0.3	0.8
Total	**9.5%**	**7.9%**	**2.4%**	9.9%	5.1%

Revenues per Square Foot*

	2000**	**1999**	**1998**
Target	**$ 268**	$ 264	$ 253
Mervyn's	**190**	189	191
Marshall Field's	**210**	220	219

* Thirteen-month average retail square feet.
** The 2000 revenues per square foot calculations exclude the 53rd week.

Gross Margin Rate

The gross margin rate represents gross margin as a percent of sales. In 2000, our gross margin rate decreased primarily due to the mix impact of growth at Target, our lowest gross margin rate division. In 1999, our gross margin rate increased primarily due to rate expansion at Target and Marshall Field's, partially offset by the mix impact of growth at Target.

The LIFO provision, included in cost of sales, is calculated based on inventory levels, markup rates and internally generated retail price indices. In 2000, the LIFO provision was a $4 million charge (less than $.01 per share), compared with a $7 million credit (less than $.01 per share) in 1999 and an $18 million credit ($.01 per share) in 1998. The 2000 LIFO charge resulted primarily from lower inventory levels at Marshall Field's. The 1999 LIFO credit resulted primarily from higher markup.

Operating Expense Rate

Operating expense rate represents selling, general and administrative expense (including buying and occupancy, advertising, start-up and other expense) as a percent of revenues. Our 2000 operating expense rate was essentially even with the prior year, benefiting from the overall growth of Target, our lowest expense rate division, offset by lack of sales leverage at both Mervyn's and Marshall Field's. The operating expense rate in 1999 was essentially even with 1998.

[Graph]

Pre-tax Segment Profit
(millions)

'96	'97	'98	'99	'00
$ 1,471	$ 1,807	$ 2,097	$ 2,523	$ 2,682

Pre-tax Segment Profit

Pre-tax segment profit increased 6 percent in 2000 to $2,682 million, compared with $2,523 million in 1999 and $2,097 million in 1998. Pre-tax segment profit is earnings before LIFO, securitization effects, interest, other expense and unusual items. The increase was driven by growth at Target and Mervyn's, partially offset by a decline at Marshall Field's. Target's full-year profit margin rate decreased to 7.6 percent of revenues in 2000 from 7.8 percent in 1999.

Pre-tax Segment Profit and Percent Change from Prior Year

(millions)	2000		1999	
Target	**$ 2,223**	**10%**	$ 2,022	28%
Mervyn's	**269**	**31**	205	(14)
Marshall Field's	**190**	**(36)**	296	6
Total	**$ 2,682**	**6%**	$ 2,523	20%

Pre-tax Segment Profit as a Percent of Revenues

	2000	1999
Target	**7.6%**	7.8%
Mervyn's	**6.5%**	5.0%
Marshall Field's	**6.3%**	9.6%

EBITDA

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

EBITDA and Percent Change from Prior Year

(millions)	2000		1999	
Target	**$ 2,883**	**11%**	$ 2,589	25%
Mervyn's	**400**	**16**	343	(9)
Marshall Field's	**323**	**(25)**	429	4

Total	$	3,606	7%	$	3,361	17%

EBITDA as a Percent of Revenues

	2000	1999
Target	9.8%	9.9%
Mervyn's	9.6%	8.4%
Marshall Field's	10.7%	14.0%

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

Interest Expense

We consider payments to holders of our publicly held receivable-backed securities as "interest equivalent." In 2000, the total of interest expense and interest equivalent was $475 million, $33 million higher than 1999. In 2000, the increase in interest expense and interest equivalent was due to higher average funded balances and the impact of the 53rd week in the year, partially offset by a lower average portfolio interest rate. The average portfolio interest rate in 2000 was 7.4 percent, compared with 7.5 percent in 1999 and 7.8 percent in 1998.

In 1999, the total of interest expense and interest equivalent was $4 million lower than 1998 due to a lower average portfolio interest rate, partially offset by higher average funded balances.

During 2000, we repurchased $35 million of debt for $39 million, resulting in an after-tax extraordinary charge of $3 million (less than $.01 per share). The debt repurchased had a weighted-average interest rate of 9.7 percent and an average remaining life of 12 years. Also during 2000, $371 million of puttable debt was put to us, resulting in an after-tax extraordinary gain of $3 million (less than $.01 per share). The debt put to us had a weighted-average interest rate of 5.9 percent and an average remaining life of 21 years. In 1999 and 1998, we repurchased $381 million and $127 million of long-term debt, resulting in after-tax extraordinary charges of $41 million ($.04 per share) and $27 million ($.03 per share), respectively.

Income Tax Rate

The effective income tax rate was 38.4 percent, 38.8 percent and 38.2 percent in 2000, 1999 and 1998, respectively. The 2000 tax rate reflected a favorable mix of state tax rates. The 1998 effective tax rate reflected the beneficial effect of $20 million ($.02 per share) resulting from the favorable outcome of our inventory shortage tax matter.

Receivable-backed Securities

In 1998, Target Receivables Corporation (TRC), a special-purpose subsidiary, sold $400 million of receivable-backed securities to the public. This issue of receivable-backed securities had an expected maturity of five years and a stated rate of 5.90 percent. Proceeds from the sale were used for general corporate purposes, including funding the growth of receivables. The 1998 sale transaction and the maturity of our 1995 securitization resulted in a net pre-tax loss of $3 million (less than $.01 per share), which reduced 1998 finance charge revenues and pre-tax earnings. In 1997, TRC sold $400 million of receivable-backed securities to the public, with an expected maturity of 2002 and a stated rate of 6.25 percent.

Our Consolidated Results of Operations do not include finance charge revenues and loss provision related to the publicly held receivable-backed securities. The amounts that represent payments to holders of our publicly held receivable-backed securities are included in our pre-tax earnings reconciliation on page 36 as interest equivalent. Interest equivalent was $50 million in 2000, $49 million in 1999 and $48 million in 1998.

Mainframe Outsourcing

In 1998, we announced our plan to outsource our mainframe computer data center functions and expensed $42 million ($.03 per share) of related charges. During 1999, we completed the transition and expensed an additional $5 million (less than $.01 per share) related to the outsourcing. These expenses are included in selling, general and administrative expense.

Fourth Quarter Results

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

Fourth quarter 2000 net earnings were $552 million, compared with $494 million in 1999. Earnings per share were $.61 for the quarter, compared with $.53 in 1999. Total revenues increased 12.8 percent, partly due to the impact of the additional week in 2000, and 13-week comparable-store sales increased 1.8 percent. Our pre-tax segment profit increased 8 percent to $1,079 million, driven by results at Target and Mervyn's.

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

(millions)		2000			1999	
Target	$	892	10%	$	811	26%

Mervyn's	**108**	**58**	69	(34)
Marshall Field's	**79**	**(34)**	120	5
Total	**$ 1,079**	**8%**	$ 1,000	16%

Analysis of Financial Condition

Our financial condition remains strong. Cash flow from operations was $1,905 million, driven by net income before depreciation expense. Internally generated funds continue to be the most important component of our capital resources and, along with our ability to access a variety of financial markets, provide funding for our expansion plans. We continue to fund the growth in our business through a combination of internally generated funds, debt and public sales of receivable-backed securities.

[Graph]

**Cash Flow from Operations
(millions)**

'96	'97	'98	'99	'00
$ 1,465	$ 1,812	$ 1,887	$ 2,281	$ 1,905

During 2000, our average total receivables serviced (which includes all securitized receivables) increased 8 percent, or $193 million, due to growth of the Target Guest Card. Year-end total receivables serviced also increased 8 percent from last year. In 2000, the number of Target Guest Card holders grew to over 18 million accounts at year-end, compared with 15 million in 1999.

During 2000, inventory levels increased $450 million, or 11.9 percent. This increase was slightly higher than our sales increase for the year.

[Graph]

**Capital Expenditures
(millions)**

'96	'97	'98	'99	'00
$ 1,301	$ 1,354	$ 1,657	$ 1,918	$ 2,528

Capital expenditures were $2,528 million in 2000, compared with $1,918 million in 1999. Investment in Target accounted for 89 percent of 2000 capital expenditures. Net property and equipment increased $1,519 million. During 2000, Target opened a total of 79 new stores, and closed or relocated 14 stores, resulting in a net addition of 65 stores for the year. Over the past five years, Target's retail square footage has grown at a compound annual rate of approximately 10 percent, consistent with our objective to expand square footage in the range of 8 to 10 percent annually.

Approximately 67 percent of total expenditures was for new stores, expansions and remodels. Other capital investments were for information systems, distribution and other infrastructure to support store growth, primarily at Target.

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

In March 2000 our Board of Directors authorized the repurchase of $1 billion of our common stock, in addition to the $1 billion authorized in January 1999. In 2000, we repurchased 21.2 million shares of our common stock at a total cost of $591 million ($27.92 per share) net of premiums from exercised and expired put options. In 1999, we repurchased 18.8 million shares of stock at a total cost of $588 million ($31.29 per share), net of premiums from exercised and expired put options.

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

A key to our access to liquidity and capital markets is maintaining strong investment-grade debt ratings. During the year, our debt ratings were upgraded by Moody's and Standard and Poor's. Further liquidity is provided by $1.6 billion of committed lines of credit obtained through a group of 25 banks.

Credit Ratings

	Moody's	**Standard and Poor's**	**Fitch**
Long-term debt	A2	A	A
Commercial paper	P-1	A-1	F1
Receivable-backed securities	Aaa	AAA	N/A

Performance Objectives

[Graph]

Total Annualized Return

	Target	S&P 500	S&P Retail
5 year	44%	18%	24%
10 year	23%	17%	16%

Shareholder Return

Our primary objective is to maximize shareholder value over time through a combination of share price appreciation and dividend income while maintaining a prudent and flexible capital structure. Our total return to shareholders over the last five years averaged 44 percent annually, returning about $625 for each $100 invested in our stock at the beginning of this period.

Measuring Value Creation

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

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

Financial Objectives

We believe that managing our business with a focus on EVA helps achieve our objective of average annual earnings per share growth of 15 percent or more over time. Our financial strategy is to produce these results with strong interest coverage and prudent levels of debt, which will allow efficient capital market access to fund our growth. Earnings per share before unusual items has grown at a compound annual rate of 34 percent over the last five years.

We ended 2000 with a retail debt ratio of 44 percent. In evaluating our debt level, we separate retail operations from credit operations due to their inherently different financial characteristics. We view the appropriate capitalization of our credit operations to be 88 percent debt and 12 percent equity, similar to ratios of comparable credit card businesses.

Debt Ratios and Interest Coverage

	2000	1999	1998
Retail	**44%**	40%	41%
Credit	**88%**	88%	88%
Total debt ratio	**52%**	49%	50%
Interest coverage	**4.4x**	4.6x	4.0x

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

[Two Graphs]

Retail Capitalization
(millions)

	'98	'99	'00
debt	$ 4,118	$ 4,334	$ 5,611
total	$ 9,988	$ 10,795	$ 12,828

Credit Capitalization
(millions)

	'98	'99	'00
debt	$ 2,108	$ 2,281	$ 2,480
total	$ 2,395	$ 2,592	$ 2,818

Credit Operations

We offer proprietary credit in each of our business segments. These credit programs strategically support our core retail operations and are an integral component of each business segment. The programs contribute to our earnings growth by driving sales at our stores and through growth in credit performance. We have retained the servicing for all accounts and manage our portfolio of receivables on that basis. Therefore, credit performance, shown below, is reflected in each business segment's pre-tax profit on an accounts receivable serviced basis. In contrast, generally accepted accounting principles require different treatment, and our consolidated financial statements reflect only the portion of the receivable-backed securities not publicly held.

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

In 2000, pre-tax contribution from credit increased 8 percent over the prior year, consistent with an 8 percent growth in average receivables serviced. The improved credit performance reflects continued growth of the Target Guest Card, improved delinquency experience and a decrease in write-offs as a percent of receivables.

Credit Contribution

(millions)	2000	1999	1998
Revenues:			
Finance charges, late fees and other revenues	**$ 654**	$ 609	$ 588
Merchant fees	**99**	90	81
Total revenues	**753**	699	669
Expenses:			
Bad debt	**148**	147	180
Operations and marketing	**205**	182	169
Total expenses	**353**	329	349
Pre-tax credit contribution	**$ 400**	$ 370	$ 320

Average Receivables Serviced

(millions)	2000	1999	1998
Target	**$ 1,182**	$ 974	$ 803
Mervyn's	**697**	718	764
Marshall Field's	**725**	719	720
Total average receivables serviced	**$ 2,604**	$ 2,411	$ 2,287

Year-end Receivables Serviced

(million)	2000	1999	1998
Publicly held	**$ 800**	$ 800	$ 800
Not publicly held	**$ 2,105**	$ 1,881	$ 1,696
Total year-end receivables serviced	**$ 2,905**	$ 2,681	$ 2,496
Past due*	**6.1%**	6.7%	6.8%

*Balances on accounts with two or more payments past due as a percent of total outstanding is one of many measures management uses to measure portfolio performance.

Allowance for Doubtful Accounts

(millions)	2000	1999	1998
Allowance at beginning of year	**$ 203**	$ 203	$ 168
Bad debt provision	**148**	147	180
Net write-offs	**(140)**	(147)	(145)

Allowance at end of year	**$ 211**	$ 203	$ 203
As a percent of year-end receivables serviced	**7.3%**	7.6%	8.1%
As a multiple of current year net write-offs	**1.5x**	1.4x	1.4x

[Two Graphs]

Credit Contribution (millions)

'96	'97	'98	'99	'00
$ 210	$ 272	$ 320	$ 370	$ 400

Average Receivables Serviced (millions)

	'96	'97	'98	'99	'00
Target	$ 453	$ 644	$ 803	$ 974	$ 1,182
Mervyn's	799	812	764	718	697
Marshall Field's	663	707	720	719	725

Fiscal Year 2001

As we look forward into 2001, we believe that we will deliver strong growth in revenues and earnings, in the context of the broader economic environment. We expect this growth to be driven by increases in comparable-store sales and contributions from new store growth at Target, as well as by continued modest improvement at Mervyn's and a significant profit recovery at Marshall Field's. Our credit operations are also expected to contribute to our earnings growth as we continue to open new accounts and invest in programs that reinforce the use of our proprietary cards. For the Corporation overall, gross margin rate and expense rate are expected to be essentially even with 2000.

In 2001, we expect to reinvest $3.3 to $3.5 billion in our business. In addition to our typical annual investment in new stores, remodels and infrastructure, this capital investment also includes a substantial portion of the approximately $700 million we are investing in the acquisition and renovation of 35 former Montgomery Wards locations. The majority of these new Target locations will open in 2002. In 2001, Target plans to open approximately 90 total new stores, including 30 or more SuperTarget locations. On a net basis, Target will add about 70 new stores and increase retail square footage for the year in the range of 10 to 11 percent. About half of the incremental square footage is attributable to SuperTarget. Funding sources for the growth of our business include internally generated funds, debt and sales of publicly held receivable-backed securities.

We are currently analyzing the results of a pilot program initiated in three cities, which began in late 2000, to offer an enhanced Target credit card with Visa capabilities. In 2001 we may conduct further tests or proceed with a rollout of this program.

The total of interest expense and interest equivalent is expected to be moderately higher than 2000 due to higher average funded balances, partially offset by a lower average portfolio interest rate. Our existing $800 million of publicly held receivable-backed securities is expected to result in approximately $49 million of interest equivalent for the year, similar to 2000.

The effective income tax rate is expected to approximate 38.0 percent.

Forward-looking Statements

This Annual Report, including the preceding management's discussion and analysis, contains forward-looking statements regarding our performance, liquidity and the adequacy of our capital resources. Those statements are based on our current assumptions and expectations and are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. We caution that the forward-looking statements are qualified by the risks and challenges posed by increased competition, shifting consumer demand, changing consumer credit markets, changing capital markets and general economic conditions, hiring and retaining effective team members, sourcing merchandise from domestic and international vendors, investing in new business strategies, achieving our growth objectives, and other risks and uncertainties. As a result, while we believe that there is a reasonable basis for the forward-looking statements, you should not place undue reliance on those statements. You are encouraged to review Exhibit (99)C attached to our Form 10-K Report for the year ended February 3, 2001, which contains additional important factors that may cause actual results to differ materially from those predicted in the forward-looking statements.

Mervyn's
Store Count

[MAP OF THE UNITED STATES]

	Retail Sq. Ft. (in thousands)	No. of Stores		Retail Sq. Ft. (in thousands)	No. of Stores
California	9,603	124	Oregon	551	7
Texas	3,344	42	Louisiana	449	6
Washington	1,440	16	Nevada	421	6
Arizona	1,202	15	Oklahoma	269	3
Michigan	1,164	15	New Mexico	267	3

Minnesota	1,157	9	Idaho	82	1
Colorado	853	11			
Utah	753	8	**Total**	**21,555**	**266**

Marshall Field's
Store Count

[MAP OF THE UNITED STATES]

	Retail Sq. Ft. (in thousands)	No. of Stores		Retail Sq. Ft. (in thousands)	No. of Stores
Michigan	4,898	21	North Dakota	297	3
Illinois	4,173	17	Indiana	246	2
Minnesota	3,040	12	South Dakota	102	1
Wisconsin	800	5			
Ohio	618	3	**Total**	**14,174**	**64**

consolidated results of operations

(millions, except per share data)	2000	1999	1998
Sales	**$ 36,362**	$ 33,212	$ 30,203
Net credit revenues	**541**	490	459
Total revenues	**36,903**	33,702	30,662
Cost of sales	**25,295**	23,029	21,085
Selling, general and administrative expense	**8,190**	7,490	6,843
Depreciation and amortization	**940**	854	780
Interest expense	**425**	393	398
Earnings before income taxes and extraordinary charges	**2,053**	1,936	1,556
Provision for income taxes	**789**	751	594
Net earnings before extraordinary charges	**1,264**	1,185	962
Extraordinary charges from purchase and redemption of debt, net of tax	**—**	41	27
Net earnings	**$ 1,264**	$ 1,144	$ 935
Earnings before extraordinary charges	**$ 1.40**	$ 1.32	$ 1.07
Extraordinary charges	**—**	(.04)	(.03)
Basic earnings per share	**$ 1.40**	$ 1.28	$ 1.04
Earnings before extraordinary charges	**$ 1.38**	$ 1.27	$ 1.02
Extraordinary charges	**—**	(.04)	(.03)
Diluted earnings per share	**$ 1.38**	$ 1.23	$ .99
Weighted average common shares outstanding:			
Basic	**903.5**	882.6	880.0
Diluted	**913.0**	931.3	934.6

See Notes to Consolidated Financial Statements throughout pages 24-36.

Summary of Accounting Policies

Organization Effective at the beginning of fiscal year 2000, Dayton Hudson Corporation changed its name to Target Corporation. We are a general merchandise retailer, comprised of three operating segments: Target, Mervyn's and Marshall Field's. Target, an upscale discount chain located in 46 states at year-end, contributed 80 percent of our 2000 total revenues. Mervyn's, a middle-market promotional department store located in 14 states in the West, South and Midwest, contributed 11 percent of total revenues. Marshall Field's (including stores formerly named Dayton's and Hudson's), a traditional department store located in 8 states in the upper Midwest, contributed 8 percent of total revenues.

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

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

Fiscal Year Our fiscal year ends on the Saturday nearest January 31. Unless otherwise stated, references to years in this report relate to fiscal years rather than to calendar years. Fiscal year 2000 consisted of 53 weeks. Fiscal years 1999 and 1998 each consisted of 52 weeks.

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

Revenues

Revenue from retail sales is recognized at the time of sale. Leased department sales, net of related cost of sales, are included within sales and were $33 million in 2000, $31 million in 1999, and $29 million in 1998. Net credit revenues represent revenue from receivable-backed securities, which is comprised of finance charges and late fees on internal credit sales, net of the effect of publicly held receivable-backed securities. Internal credit sales were $5.5 billion, $5.0 billion and $4.5 billion in 2000, 1999 and 1998, respectively.

Advertising Costs

Advertising costs, included in selling, general and administrative expense, are expensed as incurred and were $824 million, $791 million and $745 million for 2000, 1999 and 1998, respectively.

Mainframe Outsourcing

In 1998, we announced our plan to outsource our mainframe computer data center functions and expensed $42 million ($.03 per share) of related charges. During 1999, we completed the transition and expensed an additional $5 million (less than $.01 per share) related to the outsourcing. These expenses are included in selling, general and administrative expense.

Start-up Expense

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

Earnings per Share

Basic EPS is net earnings, less dividend requirements on the Employee Stock Ownership Plan (ESOP) preferred shares prior to their conversion to common shares, divided by the average number of common shares outstanding during the period. Diluted EPS includes the incremental shares assumed issued on the exercise of stock options.

In January 2000, each outstanding ESOP preferred share was converted into 120 shares of our common stock. These shares are now included within weighted average common shares outstanding. Diluted EPS assumed conversion of the ESOP preferred shares into common shares and replacement of the ESOP preferred dividends with common stock dividends, prior to the conversion of all preferred shares in January 2000. In addition, net earnings were adjusted for expense required to fund the ESOP debt service, prior to repayment of the loan in 1998. References herein to earnings per share refer to Diluted EPS.

All earnings per share, dividends per share and common shares outstanding reflect our 2000 and 1998 two-for-one share splits.

(millions, except per share data)	Basic EPS			Diluted EPS		
	2000	1999	1998	**2000**	1999	1998
Net earnings*	**$ 1,264**	$ 1,185	$ 962	**$ 1,264**	$ 1,185	$ 962
Less: ESOP net earnings adjustment	**—**	(18)	(20)	**—**	(4)	(8)
Adjusted net earnings*	**$ 1,264**	$ 1,167	$ 942	**$ 1,264**	$ 1,181	$ 954
Weighted average common shares outstanding	**903.5**	882.6	880.0	**903.5**	882.6	880.0
Performance shares	**—**	—	—	**—**	.1	1.6
Stock options	**—**	—	—	**9.3**	11.6	11.0
Put warrants	**—**	—	—	**.2**	.1	—
Assumed conversion of ESOP preferred shares	**—**	—	—	**—**	36.9	42.0
Total common equivalent shares outstanding	**903.5**	882.6	880.0	**913.0**	931.3	934.6
Earnings per share*	**$ 1.40**	$ 1.32	$ 1.07	**$ 1.38**	$ 1.27	$ 1.02

*Before extraordinary charges.

consolidated statements of financial position

(millions)	February 3, 2001	January 29, 2000
Assets		
Cash and cash equivalents	**$ 356**	$ 220
Receivable-backed securities	**1,941**	1,724
Inventory	**4,248**	3,798
Other	**759**	741
Total current assets	**7,304**	6,483
Property and equipment		
Land	**2,467**	2,069
Buildings and improvements	**8,596**	7,807
Fixtures and equipment	**3,848**	3,422
Construction-in-progress	**848**	526
Accumulated depreciation	**(4,341)**	(3,925)
Property and equipment, net	**11,418**	9,899
Other	**768**	761
Total assets	**$ 19,490**	$ 17,143
Liabilities and shareholders' investment		
Accounts payable	**$ 3,576**	$ 3,514
Accrued liabilities	**1,507**	1,520
Income taxes payable	**361**	318
Current portion of long-term debt and notes payable	**857**	498
Total current liabilities	**6,301**	5,850
Long-term debt	**5,634**	4,521
Deferred income taxes and other	**1,036**	910
Shareholders' investment		
Common stock	**75**	76
Additional paid-in-capital	**902**	730
Retained earnings	**5,542**	5,056
Total shareholders' investment	**6,519**	5,862
Total liabilities and shareholders' investment	**$ 19,490**	$ 17,143

See Notes to Consolidated Financial Statements throughout pages 24-36.

Cash Equivalents

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

Receivable-backed Securities

Receivable-backed securities are asset-backed securities collateralized by pools of credit card receivables that we have originated and securitized. The receivable-backed securities that we hold represent our interest in the securitization facility through which we securitize our receivables on an ongoing basis.

The receivable-backed securities are classified as available-for-sale in accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities" and are carried at fair value, which approximates carrying value. The carrying value of the related receivable-backed securities is equal to the carrying value of the underlying receivables and therefore, no gain or loss is recognized by the Company at the time of the securitization.

Income on the receivable-backed securities is accrued based on the effective interest rate applied to its cost basis, adjusted for accrued interest and principal paydowns. The effective interest rate approximates the yield on the underlying receivables.

Our retained interests relate to the publicly held securitizations in the form of interest only strips, which represent the difference between the yield on the receivable portfolio and the stated interest rate on the publicly held receivable-backed security. The retained interests are not material to the financial statements.

We monitor impairment of receivable-backed securities based on fair value. Provisions for losses are charged to earnings when it is determined that the receivable-backed securities' carrying value is greater than their fair value.

Through our special purpose subsidiary, Target Receivables Corporation (TRC), we transfer, on an ongoing basis, substantially all of our receivables to a trust in return for certificates representing undivided interests in the trust's assets. TRC owns the undivided interest in the trust's assets, other than the publicly held trust

certificates described below and the 2 percent of trust assets held by Retailers National Bank (RNB), a wholly owned subsidiary of the Corporation that also services receivables. The undivided interests held by TRC and RNB and the related income and expenses are reflected in each operating segment's assets and operating results based on the origin of the credit sale giving rise to the receivable.

In 1998, TRC sold $400 million of receivable-backed securities to the public. This issue of receivable-backed securities had an expected maturity of five years and a stated rate of 5.90 percent. Proceeds from the sale were used for general corporate purposes, including funding the growth of receivables. The 1998 sale transaction and the maturity of our 1995 securitization resulted in a net loss of $3 million (less than $.01 per share), which reduced 1998 finance charge revenues and pre-tax earnings. In 1997, TRC sold $400 million of receivable-backed securities to the public, with an expected maturity in 2002 and a stated rate of 6.25 percent.

At year-end 2000 and 1999, $800 million of securitized receivables had been sold to investors and TRC had borrowed $100 million through the issuance of notes payable secured by receivable-backed securities not publicly held. The fair value of the receivable-backed securities not publicly held was $1,941 million and $1,724 million at year-end 2000 and 1999, respectively.

Receivable-backed Securities

(millions)	2000	1999	1998
Total receivables serviced	$ 2,905	$ 2,681	$ 2,496
Net credit losses	140	147	145
Balances with two or more payments past due	$ 179	$ 179	$ 170

In 2000, the Financial Accounting Standards Board issued SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," that replaces in its entirety SFAS No. 125. Although SFAS No. 140 has changed many of the rules regarding securitizations, it continues to require recognition of the financial and servicing assets controlled and the liabilities incurred, and to derecognize financial assets when control has been surrendered, in accordance with the provisions of the Statement. We have made all newly required disclosures for the year ended February 3, 2001. Also, as required, we will apply the new rules prospectively to transactions beginning in the first quarter of 2001. We do not believe the adoption of this new statement will have a material impact on our earnings or financial position.

Inventory

Inventory and the related cost of sales are accounted for by the retail inventory accounting method using the last-in, first-out (LIFO) basis and are stated at the lower of LIFO cost or market. The cumulative LIFO provision was $57 million and $53 million at year-end 2000 and 1999, respectively.

Property and Long-lived Assets

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

Estimated useful lives by major asset category are as follows:

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

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

Accounts Payable

Outstanding drafts included in accounts payable were $600 million and $599 million at year-end 2000 and 1999, respectively.

consolidated statements of cash flows

(millions)	2000	1999	1998
Operating activities			
Net earnings before extraordinary charges	**$ 1,264**	$ 1,185	$ 962
Reconciliation to cash flow:			
Depreciation and amortization	**940**	854	780
Deferred tax provision	**1**	75	(11)
Other noncash items affecting earnings	**237**	163	70
Changes in operating accounts providing/(requiring) cash:			

Receivable-backed securities	**(217)**	(184)	(42)
Sale of receivable-backed securities	**—**	—	400
Maturity of publicly held receivable-backed securities	**—**	—	(400)
Inventory	**(450)**	(323)	(198)
Other current assets	**(9)**	(54)	(60)
Other assets	**13**	(65)	(65)
Accounts payable	**62**	364	336
Accrued liabilities	**(23)**	100	75
Income taxes payable	**87**	166	40
Cash flow provided by operations	**1,905**	2,281	1,887
Investing activities			
Expenditures for property and equipment	**(2,528)**	(1,918)	(1,657)
Proceeds from disposals of property and equipment	**57**	126	107
Acquisition of subsidiaries, net of cash received	**—**	—	(100)
Other	**(4)**	(15)	(5)
Cash flow required for investing activities	**(2,475)**	(1,807)	(1,655)
Net financing (requirements)/sources	**(570)**	474	232
Financing activities			
Increase/(decrease) in notes payable, net	**245**	564	(305)
Additions to long-term debt	**2,000**	285	600
Reductions of long-term debt	**(806)**	(600)	(343)
Dividends paid	**(190)**	(195)	(178)
Repurchase of stock	**(585)**	(581)	—
Other	**42**	18	38
Cash flow provided by / (used for) financing activities	**706**	(509)	(188)
Net increase/(decrease) in cash and cash equivalents	**136**	(35)	44
Cash and cash equivalents at beginning of year	**220**	255	211
Cash and cash equivalents at end of year	**$ 356**	$ 220	$ 255

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 $700 million, $575 million and $564 million during 2000, 1999 and 1998, respectively. Cash paid for interest (including interest capitalized) was $420 million, $405 million and $393 million during 2000, 1999 and 1998, respectively.

See Notes to Consolidated Financial Statements throughout pages 24-36.

Lines of Credit

At February 3, 2001, two committed credit agreements totaling $1.6 billion were in place through a group of 25 banks at specified rates. There were no balances outstanding at any time during 2000 or 1999 under these agreements.

Long-term Debt and Notes Payable

At February 3, 2001, $908 million of notes payable were outstanding, $800 million of which were classified as long-term debt as they were supported by our $800 million committed credit agreement that expires in 2005. Of the remaining $108 million, $100 million is financing secured by the Target Credit Card Master Trust Series 1996-1 Class A variable funding certificate. This certificate is debt of TRC and is classified in the current portion of long-term debt and notes payable. The average amount of secured and unsecured notes payable outstanding during 2000 was $1,081 million at a weighted-average interest rate of 6.6 percent.

In 2000, we issued $500 million of long-term debt maturing in 2005 at 7.50 percent, $600 million of long-term debt maturing in 2010 at 7.50 percent, and $700 million of long-term debt maturing in 2011 at 6.35 percent. We also issued $200 million of floating-rate notes bearing interest at an initial rate of 6.82 percent maturing in 2002. The proceeds were used for general corporate purposes. Also during 2000, we repurchased $35 million of long-term debt with an average remaining life of 12 years and a weighted-average interest rate of 9.7 percent, resulting in an after-tax extraordinary charge of $3 million (less than $.01 per share). In 2000, $371 million of puttable debt was put to us, resulting in an after-tax extraordinary gain of $3 million (less than $.01 per share).

In 1999, we issued $285 million of floating-rate notes bearing interest at initial rates between 5.32 and 5.52 percent, maturing in July through September 2001. Also during 1999, we repurchased $381 million of long-term debt with an average remaining life of 18 years and a weighted-average interest rate of 9.3 percent, resulting in an after-tax extraordinary charge of $41 million ($.04 per share).

At year-end our debt portfolio was as follows:

Long-term Debt and Notes Payable

(millions)	February 3, 2001 Rate*	February 3, 2001 Balance	January 29, 2000 Rate*	January 29, 2000 Balance
Notes payable	**5.8%**	**$ 908**	5.8%	$ 664
Notes and debentures:				
Due 2000-2004	**7.3**	**1,699**	7.8	1,787
Due 2005-2009	**7.4**	**994**	7.6	594
Due 2010-2014	**7.3**	**1,544**	7.9	472
Due 2015-2019	**9.5**	**34**	9.5	34
Due 2020-2024	**8.5**	**753**	8.5	759
Due 2025-2029	**6.7**	**403**	6.6	474
Due 2030-2037		**—**	5.9	100
Total notes payable, notes and debentures**	**7.2%**	**$ 6,335**	7.5%	$ 4,884
Capital lease obligations		**156**		135
Less: current portion		**(857)**		(498)
Long-term debt and notes payable		**$ 5,634**		$ 4,521

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

** The estimated fair value of total notes payable and notes and debentures, using a discounted cash flow analysis based on our incremental interest rates for similar types of financial instruments, was $6,562 million at February 3, 2001 and $4,893 million at January 29, 2000.

Required principal payments on long-term debt and notes payable over the next five years, excluding capital lease obligations, are $846 million in 2001, $392 million in 2002, $464 million in 2003, $106 million in 2004 and $1,300 million in 2005.

Derivatives

In 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which we will adopt in 2001. It requires the fair value of all derivatives to be recognized as assets or liabilities, and specifies accounting for changes in fair value. We do not believe the adoption of SFAS No. 133 will have a material effect on our earnings or financial position.

At February 3, 2001 and January 29, 2000, interest rate swap agreements were outstanding at notional amounts totaling $900 million and $400 million, respectively. The swaps hedge the fair value of certain debt by effectively converting interest from fixed rate to variable. At February 3, 2001 and January 29, 2000 the fair value of the interest rate swap agreements was not reflected in the financial statements. The fair value of existing swaps is immaterial.

consolidated statements of shareholders' investment

(millions, except share data)	Convertible Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Loan to ESOP	Total
January 31, 1998	**$ 280**	**$ 73**	**$ 196**	**$ 3,930**	**$ (19)**	**$ 4,460**
Consolidated net earnings	—	—	—	935	—	935
Dividends declared	—	—	—	(182)	—	(182)
Tax benefit on unallocated preferred stock dividends and options	—	—	25	—	—	25
Conversion of preferred stock and other	(12)	—	37	—	—	25
Net reduction in loan to ESOP	—	—	—	—	19	19
Stock option activity	—	1	28	—	—	29
January 30, 1999	**268**	**74**	**286**	**4,683**	**—**	**5,311**
Consolidated net earnings	—	—	—	1,144	—	1,144
Dividends declared	—	—	—	(191)	—	(191)
Repurchase of stock	—	(1)	—	(580)	—	(581)
Issuance of stock for ESOP	—	—	81	—	—	81
Tax benefit on unallocated preferred stock dividends and options	—	—	29	—	—	29
Conversion of preferred stock	(268)	3	289	—	—	24
Stock option activity	—	—	45	—	—	45
January 29, 2000	**—**	**76**	**730**	**5,056**	**—**	**5,862**
Consolidated net earnings	—	—	—	1,264	—	1,264
Dividends declared	—	—	—	(194)	—	(194)
Repurchase of stock	—	(1)	—	(584)	—	(585)

Issuance of stock for ESOP	—	—	86	—	—	86
Tax benefit on employee options	—	—	44	—	—	44
Stock option activity	—	—	42	—	—	42
February 3, 2001	**$ —**	**$ 75**	**$ 902**	**$ 5,542**	**$ —**	**$ 6,519**

Common Stock Authorized 6,000,000,000 shares, $.0833 par value; 897,763,244 shares issued and outstanding at February 3, 2001; 911,682,776 shares issued and outstanding at January 29, 2000.

In January 1999, our Board of Directors authorized the repurchase of $1 billion of our common stock. In March 2000, our Board of Directors authorized the repurchase of an additional $1 billion of our common stock. In 2000, we repurchased 21.2 million shares of stock at a total cost of $591 million ($27.92 per share), net of the premium from exercised and expired put options. In 1999, we repurchased 18.8 million shares of stock at a total cost of $588 million ($31.29 per share), net of the premium from exercised and expired put options. Repurchases are made primarily in open market transactions, subject to market conditions. Our program also includes the sale of put options that entitle the holder to sell shares of our common stock to us, at a specified price, if the holder exercises the option.

During 2000 and 1999, we sold put options on 9.5 million shares in each year. Options on 4.1 million shares outstanding at the end of 2000 entitled their holders to sell shares of our common stock to us at prices ranging from $24 to $33 per share on specific dates from February through June 2001. Premiums received from the sale of put options during 2000 and 1999 were recorded in retained earnings and totaled $29 million and $23 million, respectively, of which $12 million and $7 million represent premiums received on put options outstanding at year-end.

Preferred Stock Authorized 5,000,000 shares; no shares of Series B ESOP Convertible Preferred Stock, $.01 par value, were issued and outstanding at February 3, 2001 and January 29, 2000 and 338,492 shares were issued and outstanding at January 30, 1999. In January 2000, each share of Series B ESOP Convertible Preferred Stock was converted into 120 shares of our common stock. Prior to conversion, these shares had voting rights equal to the equivalent number of common shares and were entitled to cumulative annual dividends of $56.20.

Junior Preferred Stock Rights In 1996, we declared a distribution of shares of preferred share purchase rights. Terms of the plan provide for a distribution of one preferred share purchase right for each outstanding share of our common stock. Each right will entitle shareholders to buy one twelve-hundredth of a share of a new series of junior participating preferred stock at an exercise price of $25.00, subject to adjustment. The rights will be exercisable only if a person or group acquires ownership of 20 percent or more of our common stock or announces a tender offer to acquire 30 percent or more of our common stock.

See Notes to Consolidated Financial Statements throughout pages 24-36.

Stock Option Plan

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

We also have a performance share and restricted share plan for key employees. The last grant was made in 1995, and all shares relating to outstanding grants were issued in 1999 pursuant to the plan. On January 30, 1999, 1,038 performance shares and 246 restricted shares had been awarded, but not yet issued. On January 31, 1998, 1,588 performance shares and 424 restricted shares had been awarded, but not yet issued. Pursuant to the plan, issuance was contingent on satisfaction of certain criteria.

Options Outstanding

	Total Outstanding		Currently Exercisable	
(shares in thousands)	**Number of Shares**	**Weighted Average Exercise Price**	**Number of Shares**	**Weighted Average Exercise Price**
January 31, 1998	28,934	$ 8.84	9,720	$ 6.58
Granted	6,619	24.08		
Canceled	(346)	11.89		
Exercised	(4,046)	6.13		
January 30, 1999	31,161	$ 12.40	11,369	$ 8.25
Granted	3,811	33.82		
Canceled	(352)	17.45		
Exercised	(2,559)	7.01		
January 29, 2000	32,061	$ 15.32	15,717	$ 10.23
Granted	5,617	33.67		
Canceled	(481)	25.34		
Exercised	(4,939)	9.14		
February 3, 2001	**32,258**	**$ 19.30**	**18,662**	**$ 12.36**

Options Outstanding

(shares in thousands)	Shares Outstanding at February 3, 2001		Range of Exercise Price
	7,617	$	4.98 - $7.50
	5,497	$	7.50 - $12.50
	3,765	$	12.50 - $17.50
	2,408	$	17.50 - $22.50
	3,795	$	22.50 - $27.50
	9,176	$	27.50 - $34.34
Total	32,258	$	4.98 - $34.34

As of February 3, 2001, outstanding options had a weighted-average remaining contractual life of 7.0 years. The number of unissued common shares reserved for future grants under the stock option plans was 43,817,181 at February 3, 2001, and 48,979,794 at January 29, 2000.

We apply APB No. 25, "Accounting for Stock Issued to Employees," to account for our stock option and performance share plans. Because the exercise price of our employee stock options equals the market price of the underlying stock on the grant date, no compensation expense related to options is recognized. Performance share compensation expense was recognized based on the fair value of the shares at the end of each reporting period. If we had elected to recognize compensation cost based on the fair value of the options and performance shares at grant date as prescribed by SFAS No. 123, "Accounting for Stock-Based Compensation," net earnings would have been the pro forma amounts shown below. EPS calculated under SFAS No. 123 would be $.01 and $.02 lower than reported EPS in 2000 and 1999, respectively, and unchanged from reported EPS in 1998.

Pro Forma Earnings

(millions)		2000		1999		1998
Net earnings — as reported	**$**	**1,264**	$	1,144	$	935
Net earnings — pro forma	**$**	**1,247**	$	1,132	$	934

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

		2000		1999		1998
Dividend yield		**.6%**		.6%		.7%
Volatility		**30%**		30%		30%
Risk-free interest rate		**4.8%**		6.6%		4.6%
Expected life in years		**5.0**		5.6		5.6
Weighted-average fair value at grant date	**$**	**11.15**	$	12.91	$	8.12

Pension and Postretirement Health Care Benefits

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

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

Change in Benefit Obligation

	Pension Benefits				Postretirement Health Care Benefits			
(millions)		2000		1999		2000		1999
Benefit obligation at beginning of measurement period	**$**	**862**	$	729	**$**	**94**	$	85
Service cost		**47**		44		**2**		2
Interest cost		**63**		53		**7**		6

Actuarial (gain)/loss	**(1)**	76	**4**	9
Benefits paid	**(54)**	(40)	**(8)**	(8)
Benefit obligation at end of measurement period	**$ 917**	$ 862	**$ 99**	$ 94
Change in Plan Assets				
Fair value of plan assets at beginning of measurement period	**$ 982**	$ 859	**$ —**	$ —
Actual return on plan assets	**91**	62	**—**	—
Employer contribution	**1**	100	**8**	8
Benefits paid	**(54)**	(39)	**(8)**	(8)
Fair value of plan assets at end of measurement period	**$ 1,020**	$ 982	**$ —**	$ —
Reconciliation of Prepaid/(Accrued) Cost				
Funded status	**$ 103**	$ 120	**$ (99)**	$ (94)
Unrecognized actuarial loss/(gain)	**32**	51	**(3)**	(7)
Unrecognized prior service cost	**9**	8	**2**	2
Net prepaid/(accrued) cost	**$ 144**	$ 179	**$ (100)**	$ (99)

The benefit obligation and fair value of plan assets, for the pension plans with benefit obligations in excess of plan assets, were $54 and $0 as of October 31, 2000 and $49 and $0 as of October 31, 1999.

Net Pension and Postretirement Health Care Benefits Expense

	Pension Benefits			Postretirement Health Care Benefits		
(millions)	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**
Service cost benefits earned during the period	**$ 47**	$ 44	$ 35	**$ 2**	$ 2	$ 1
Interest cost on projected benefit obligation	**63**	53	45	**7**	6	6
Expected return on assets	**(81)**	(72)	(58)	**—**	—	—
Recognized gains and losses	**8**	9	3	**—**	—	(1)
Recognized prior service cost	**1**	1	—	**—**	—	—
Total	**$ 38**	$ 35	$ 25	**$ 9**	$ 8	$ 6

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

Actuarial Assumptions

	Pension Benefits			Postretirement Health Care Benefits		
	2000	**1999**	**1998**	**2000**	**1999**	**1998**
Discount rate	**7 3/4%**	7 1/2%	7%	**7 3/4%**	7 1/2%	7%
Expected long-term rate of return on plans' assets	**9**	9	9	**n/a**	n/a	n/a
Average assumed rate of compensation increase	**4 3/4**	4 1/2	4	**n/a**	n/a	n/a

An increase in the cost of covered health care benefits of 6 percent is assumed for 2001. The rate is assumed to remain at 6 percent in the future. The health care cost trend rate assumption has a significant effect on the amounts reported. A 1 percent change in assumed health care cost trend rates would have the following effects:

	1% Increase	1% Decrease
Effect on total of service and interest cost components of net periodic postretirement health care benefit cost	$ —	$ —

Effect on the health care component of the postretirement benefit obligation	$ 5	$ (5)

Employee Stock Ownership Plan

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

In 1989, we loaned $379 million to the ESOP at a 9 percent interest rate. Proceeds from the loan were then used by the ESOP to purchase 438,353 shares of 401(k) preferred shares. The original issue value of the 401(k) preferred shares of $864.60 per share was guaranteed by the Corporation. The loan was paid off during 1998 using dividends paid on all 401(k) preferred shares held by the ESOP. In January 2000, each 401(k) preferred share was converted into 120 shares of common stock.

Prior to the conversion of all 401(k) preferred shares to common stock, we were required to exchange at fair value each 401(k) preferred share for 120 shares of common stock and cash, if any, upon a participant's termination. The 401(k) preferred shares were classified as shareholders' investment to the extent the preferred shares were permanent equity.

Dividends earned on 401(k) preferred shares held by the ESOP were $19 million in both 1999 and 1998. The dividends on allocated 401(k) preferred shares were paid to participants' accounts in additional 401(k) preferred shares until June 1998. Dividends are now paid to participants in cash. Benefits expense was $92 million in 2000, $78 million in 1999 and $29 million in 1998.

Leases

Assets held under capital leases are included in property and equipment and are charged to depreciation and interest over the life of the lease. Operating leases are not capitalized and lease rentals are expensed. Rent expense on buildings, classified in selling, general and administrative expense, includes percentage rents that are based on a percentage of retail sales over stated levels. Total rent expense was $168 million in 2000 and 1999 and $150 million in 1998. 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 February 3, 2001, were:

Future Minimum Lease Payments

(millions)	Operating Leases	Capital Leases
2001	$ 111	$ 25
2002	102	24
2003	89	22
2004	79	21
2005	73	20
After 2005	680	146
Total future minimum lease payments	$ 1,134	$ 258
Less: interest*	(334)	(102)
Present value of minimum lease payments	$ 800	$ 156**

* Calculated using the interest rate at inception for each lease (the weighted-average interest rate was 8.7 percent).

** Includes current portion of $11 million.

Owned and Leased Store Locations

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

	Owned	Leased	Combined	Total
Target	759	95	123	977
Mervyn's	160	67	39	266
Marshall Field's	51	12	1	64
Total	970	174	163	1,307

Income Taxes

Reconciliation of tax rates is as follows:

Percent of Earnings Before Income Taxes

	2000	1999	1998
Federal statutory rate	**35.0%**	35.0%	35.0%
State income taxes, net of federal tax benefit	**3.6**	3.9	4.5
Dividends on ESOP stock	**(.2)**	(.4)	(.5)
Work opportunity tax credits	**(.2)**	(.2)	(.2)
Inventory shortage tax matter	**—**	—	(1.3)
Other	**.2**	.5	.7
Effective tax rate	**38.4%**	38.8%	38.2%

The components of the provision for income taxes were:

Income Tax Provision: Expense/(Benefit)

(millions)	2000	1999	1998
Current:			
Federal	**$ 675**	$ 570	$ 497
State	**113**	106	110
	788	676	607
Deferred:			
Federal	**(1)**	63	(10)
State	**2**	12	(3)
	1	75	(13)
Total	**$ 789**	$ 751	$ 594

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

Net Deferred Tax Asset/(Liability)

(millions)	February 3, 2001	January 29, 2000
Gross deferred tax assets:		
Self-insured benefits	**$ 167**	$ 146
Deferred compensation	**143**	130
Inventory	**100**	84
Valuation allowance	**64**	63
Postretirement health care obligation	**40**	41
Other	**99**	106
	613	570
Gross deferred tax liabilities:		
Property and equipment	**(460)**	(408)
Other	**(96)**	(104)
	(556)	(512)
Total	**$ 57**	$ 58

Inventory Shortage Tax Matter

In 1998, we received a favorable ruling from the United States Court of Appeals on a 1983 case related to the deductibility of accrued inventory shortage expense. The beneficial effect resulting from the outcome of the case was $20 million ($.02 per share) and was reflected as a reduction in the 1998 effective income tax rate. This issue has been settled for all years.

Acquisitions

In 1998, we acquired The Associated Merchandising Corporation, an international sourcing company that provides services to our operating divisions and other retailers, and we also acquired Rivertown Trading Company, a direct marketing firm. Both subsidiaries are included in the consolidated financial statements. Their revenues and operating results are included in "other" in revenues and in our pre-tax earnings reconciliation on page 36 and were immaterial in 2000, 1999 and 1998.

Commitments and Contingencies

Commitments for the purchase, construction, lease or remodeling of real estate, facilities and equipment were approximately $633 million at year-end 2000. We are exposed to claims and litigation arising out of the ordinary course of business. Management, after consulting with legal counsel, believes the currently identified claims and litigation will not have a material adverse effect on our results of operations or our financial condition taken as a whole.

Quarterly Results (Unaudited)

The same accounting policies are followed in preparing quarterly financial data as are followed in preparing annual data. The table below summarizes results by quarter for 2000 and 1999:

(millions, except per share data)	**First Quarter**		**Second Quarter**		**Third Quarter**		**Fourth Quarter**		**Total Year**	
	2000	1999	**2000**	1999	**2000**	1999	**2000**	1999	**2000**	1999
Total revenues	**$ 7,746**	7,158	**$ 8,251**	7,687	**$ 8,582**	7,927	**$ 12,324**	10,930	**$ 36,903**	33,702
Gross margin (a)	**$ 2,410**	2,182	**$ 2,530**	2,376	**$ 2,584**	2,441	**$ 3,543**	3,184	**$ 11,067**	10,183
Net earnings before extraordinary charges (c)	**$ 239**	194	**$ 257**	228	**$ 216**	241	**$ 552**	522	**$ 1,264**	1,185
Net earnings (b) (c)	**$ 239**	194	**$ 258**	224	**$ 215**	232	**$ 552**	494	**$ 1,264**	1,144
Basic earnings per share (b) (c) (d)	**$ .26**	.21	**$ .28**	.25	**$ .24**	.26	**$ .62**	.55	**$ 1.40**	1.28
Diluted earnings per share (b) (c) (d)	**$ .26**	.21	**$ .28**	.24	**$ .24**	.25	**$ .61**	.53	**$ 1.38**	1.23
Dividends declared per share (d)	**$ .050**	.050	**$ .050**	.050	**$ .055**	.050	**$ .055**	.050	**$ .210**	.200
Common stock price (e)										
High	**$ 38.59**	37.88	**$ 35.72**	36.22	**$ 31.88**	34.75	**$ 37.98**	37.50	**$ 38.59**	37.88
Low	**$ 27.94**	29.38	**$ 26.22**	28.97	**$ 22.75**	27.63	**$ 25.50**	30.38	**$ 22.75**	27.63

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

(b) In 2000, second and third quarter net earnings include extraordinary gains (charges), net of tax, related to the purchase and redemption of debt of $1 million and $(1) million (each less than .01 per basic and diluted share), respectively. In 1999, second, third and fourth quarter net earnings include extraordinary charges, net of tax of $4 million, $9 million and $28 million (less than $.01, $.01 and $.03 per basic and diluted share), respectively.

(c) Third quarter and total year 1999 net earnings before extraordinary charges, net earnings and earnings per share include a mainframe outsourcing pre-tax charge of $5 million (less than $.01 per share).

(d) 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 2000 two-for-one common share split.

(e) Our common stock is listed on the New York Stock Exchange and Pacific Exchange. At March 23, 2001, there were 14,660 registered shareholders and the common stock price was $34.90 per share.

Business Segment Comparisons

(millions)	**2000***	**1999**	**1998**	**1997**	**1996**	**1995***
Revenues						
Target	**$ 29,278**	$ 26,080	$ 23,014	$ 20,298	$ 17,810	$ 15,752
Mervyn's	**4,152**	4,099	4,150	4,219	4,350	4,491
Marshall Field's	**3,011**	3,074	3,064	2,970	2,932	2,991

	2000*	1999	1998	1997	1996	1995*
Other	**462**	449	434	—	—	—
Total revenues	**$ 36,903**	$ 33,702	$ 30,662	$ 27,487	$ 25,092	$ 23,234
Pre-tax segment profit and earnings reconciliation						
Target	**$ 2,223**	$ 2,022	$ 1,578	$ 1,287	$ 1,048	$ 721
Mervyn's	**269**	205	240	280	272	117
Marshall Field's	**190**	296	279	240	151	192
Total pre-tax segment profit	**$ 2,682**	$ 2,523	$ 2,097	$ 1,807	$ 1,471	$ 1,030
LIFO provision credit/(expense)	**(4)**	7	18	(6)	(9)	(17)
Securitization adjustments:						
Gain/(loss)	**—**	—	(3)	45	—	—
Interest equivalent	**(50)**	(49)	(48)	(33)	(25)	(10)
Interest expense	**(425)**	(393)	(398)	(416)	(442)	(442)
Mainframe outsourcing	**—**	(5)	(42)	—	—	—
Real estate repositioning	**—**	—	—	—	(134)	—
Other	**(150)**	(147)	(68)	(71)	(78)	(60)
Earnings before income taxes and extraordinary charges	**$ 2,053**	$ 1,936	$ 1,556	$ 1,326	$ 783	$ 501
Assets						
Target	**$ 14,348**	$ 12,048	$ 10,475	$ 9,487	$ 8,257	$ 7,330
Mervyn's	**2,270**	2,248	2,339	2,281	2,658	2,776
Marshall Field's	**2,114**	2,149	2,123	2,188	2,296	2,309
Other	**758**	698	729	235	178	155
Total assets	**$ 19,490**	$ 17,143	$ 15,666	$ 14,191	$ 13,389	$ 12,570
Depreciation and amortization						
Target	**$ 660**	$ 567	$ 496	$ 437	$ 377	$ 328
Mervyn's	**130**	138	138	126	151	150
Marshall Field's	**134**	133	135	128	119	113
Other	**16**	16	11	2	3	3
Total depreciation and amortization	**$ 940**	$ 854	$ 780	$ 693	$ 650	$ 594
Capital expenditures						
Target	**$ 2,244**	$ 1,665	$ 1,352	$ 1,155	$ 1,048	$ 1,067
Mervyn's	**106**	108	169	72	79	273
Marshall Field's	**143**	124	127	124	173	161
Other	**35**	21	9	3	1	21
Total capital expenditures	**$ 2,528**	$ 1,918	$ 1,657	$ 1,354	$ 1,301	$ 1,522
Segment EBITDA						
Target	**$ 2,883**	$ 2,589	$ 2,074	$ 1,724	$ 1,425	$ 1,049
Mervyn's	**400**	343	378	406	423	267
Marshall Field's	**323**	429	414	368	270	305
Total segment EBITDA	**$ 3,606**	$ 3,361	$ 2,866	$ 2,498	$ 2,118	$ 1,621
Net assets**						
Target	**$ 10,659**	$ 8,413	$ 7,302	$ 6,602	$ 5,711	$ 5,109
Mervyn's	**1,928**	1,908	2,017	2,019	2,268	2,484
Marshall Field's	**1,749**	1,795	1,785	1,896	1,879	1,940
Other	**463**	428	514	169	53	96
Total net assets	**$ 14,799**	$ 12,544	$ 11,618	$ 10,686	$ 9,911	$ 9,629

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

*Consisted of 53 weeks.

**Net assets represent total assets (including publicly held receivable-backed securities) less non-interest bearing current liabilities.

summary financial and operating data (unaudited)

(dollars in millions, except per share data)	2000(a)	1999	1998	1997	1996	1995(a)
Results of operations						
Total revenues	**$ 36,903**	33,702	30,662	27,487	25,092	23,234
Net earnings (c) (d) (e)	**$ 1,264**	1,144	935	751	463	311
Financial position data						
Total assets	**$ 19,490**	17,143	15,666	14,191	13,389	12,570
Long-term debt	**$ 5,634**	4,521	4,452	4,425	4,808	4,959

Per common share data (b)							
Diluted earnings per share (c) (d) (e)	**$**	**1.38**	1.23	.99	.80	.49	.32
Cash dividend declared	**$**	**.21**	.20	.18	.17	.16	.15
Other data							
Weighted average common shares outstanding (b)		**903.5**	882.6	880.0	872.2	866.5	862.1
Diluted average common shares outstanding (b)		**913.0**	931.3	934.6	927.3	921.8	916.6
Capital expenditures	**$**	**2,528**	1,918	1,657	1,354	1,301	1,522
Number of stores:							
Target		**977**	912	851	796	736	670
Mervyn's		**266**	267	268	269	300	295
Marshall Field's		**64**	64	63	65	65	64
Total stores		**1,307**	1,243	1,182	1,130	1,101	1,029
Total retail square footage (thousands):							
Target		**112,604**	102,945	94,553	87,158	79,360	71,108
Mervyn's		**21,555**	21,635	21,729	21,810	24,518	24,113
Marshall Field's		**14,174**	14,060	13,890	14,090	14,111	13,870
Total retail square footage		**148,333**	138,640	130,172	123,058	117,989	109,091

(a)

Consisted of 53 weeks.

(b)

Earnings per share, dividends per share and common shares outstanding reflect our 2000 and 1998 two-for-one common share splits and our 1996 three-for-one common share split.

(c)

Extraordinary charges, net of tax, related to the purchase and redemption of debt were less than $1 million (less than $.01 per share) in 2000, $41 million ($.04 per share) in 1999, $27 million ($.03 per share) in 1998, $51 million ($.05 per share) in 1997 and $11 million ($.01 per share) in 1996.

(d)

1999 includes a mainframe outsourcing pre-tax charge of $5 million (less than $.01 per share). 1998 included a mainframe outsourcing pre-tax charge of $42 million ($.03 per share) and the beneficial effect of $20 million ($.02 per share) of the favorable outcome of our inventory shortage tax matter. 1996 included a real estate repositioning pre-tax charge of $134 million ($.09 per share).

(e)

1998 included a $3 million pre-tax net loss (less than $.01 per share) related to securitization maturity and sale transactions. 1997 included a $45 million pre-tax gain ($.03 per share) related to securitization sale transactions.

The Summary Financial and Operating Data should be read in conjunction with the Notes to Consolidated Financial Statements throughout pages 24-36.

Report of Independent Auditors

Board of Directors and Shareholders
Target Corporation

We have audited the accompanying consolidated statements of financial position of Target Corporation and subsidiaries as of February 3, 2001 and January 29, 2000 and the related consolidated results of operations, cash flows and shareholders' investment for each of the three years in the period ended February 3, 2001. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Target Corporation and subsidiaries at February 3, 2001 and January 29, 2000 and the consolidated results of their operations and their cash flows for each of the three years in the period ended February 3, 2001 in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP

Minneapolis, Minnesota
March 5, 2001

QuickLinks

Average Receivables Serviced (millions)

QuickLinks -- Click here to rapidly navigate through this document

Target Corporation
(A Minnesota Corporation)

List of Subsidiaries
(As of April 1, 2001)

AMC Guatemala Sociedad Anonima (Guatemala)
AMC Honduras, S.A. (Honduras)
AMC(S) Pte., Ltd. (Singapore)
Amcrest Corporation (NY)
Amcrest France Sarl (Paris, France)
The Associated Merchandising Corporation (NY)
Associated Merchandising Corporation GmBH (Frankfurt, Germany)
Boulder Bridge I Development Corporation (MN)
Boulder Bridge II Development Corporation (MN)
Boulder Bridge III Development Corporation (CA)
Bullseye Corporation (DE)
Cahill & Company, Inc. (MN)
Daily Planet Company (MN)
Dayton Credit Company (MN)
Dayton Development Company (MN)
Dayton's Commercial Interiors, Inc. (MN)
Dayton's Iron Horse Liquors, Inc. (MN)
DBI, Ltd. (IL)
Eighth Street Development Company (MN)
Highbridge Company (MN)
Highbridge Music Company (MN)
Hometown America Company (MN)
Marshall Field's Chicago, Inc. (DE)
Mayfair Wine & Liquor Shop, Inc. (WI)
Mervyn's (CA)
Mervyn's Brands, Inc. (MN)
Mervyn's, Inc. (DE)
Northern Creations Company (MN)
Northern Fulfillment Services Company (MN)
PBI, Inc. (WI)
Retail Properties, Inc. (DE)
Retailer's National Bank, N.A.
RiverCrossings Company (MN)
Rivertown Trading Company (MN)
Rooftop, Inc. (MN)
Rowley & Schlimgen, Inc. (WI)
RTC Holding, Inc. (MN)
STL of Nebraska, Inc. (MN)
Strata Merchandising, Ltd. (London, England)
SuperTarget Liquor of Texas, Inc. (TX)
Target Brands, Inc. (MN)
Target Capital Corporation (MN)
Target Connect, Inc. (MN)
Target Customs Brokers, Inc. (MN)
target.direct LLC (MN)
Target Foundation (a MN not-for-profit organization)
Target Insurance Agency, Inc. (MN)
Target Receivables Corporation (MN)
Target Services, Inc. (MN)
Target Stores, Inc. (MN)

QuickLinks

Target Corporation (A Minnesota Corporation) List of Subsidiaries (As of April 1, 2001)

Exhibit 23

Consent of Independent Auditors

We consent to the incorporation by reference in the Annual Report (Form 10-K) of Target Corporation of our report dated March 5, 2001, included in the 2000 Annual Report to Shareholders of Target Corporation.

We also consent to the incorporation by reference in Registration Statement Numbers 333-65347, 333-42206, and 333-58252 on Form S-3 and Registration Statement Numbers 33-6918, 33-64013, 333-30311, 333-27435 and 333-86373 on Form S-8 of our report dated March 5, 2001, with respect to the consolidated financial statements incorporated by reference in this Annual Report (Form 10-K) of Target Corporation.

/s/ Ernst & Young LLP

Minneapolis, Minnesota
April 16, 2001

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

(Mark One)

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

For the fiscal year ended December 31, 2000

OR

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

For the transition period from _______ to _______

Commission File Number 1-6049

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

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

TARGET CORPORATION
777 Nicollet Mall
Minneapolis, Minnesota 55402-2055

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statement (Form S-8, Nos. 333-27435 and 333-86373) pertaining to the Target Corporation 401(k) Plan of our report dated March 30, 2001, with respect to the financial statements and schedules of the Target Corporation 401(k) Plan included in this Annual Report (Form 11-K) for the year ended December 31, 2000.

/s/ Ernst & Young LLP

Minneapolis, Minnesota
April 16, 2001

T A R G E T C O R P O R A T I O N 4 0 1 (K) P L A N

Audited Financial Statements and Schedules
Years ended December 31, 2000 and 1999

Target Corporation 401(k) Plan

Audited Financial Statements and Schedules

Years ended December 31, 2000 and 1999

Contents

Report of Independent Auditors	1
Audited Financial Statements and Schedules	
Statements of Net Assets Available for Benefits	2
Statements of Changes in Net Assets Available for Benefits	4
Notes to Financial Statements	6

Schedule H, Line 4i—Schedule of Assets Held for Investment Purposes at End of Year	14
Schedule H, Line 4j—Schedule of Reportable Transactions	16

Report of Independent Auditors

Board of Directors
Target Corporation

We have audited the accompanying statements of net assets available for benefits of the Target Corporation 401(k) Plan (previously known as the Dayton Hudson Corporation 401(k) Plan) (the Plan) as of December 31, 2000 and 1999, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2000 and 1999, and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedules of assets held for investment purposes at end of year as of December 31, 2000, and reportable transactions for the year then ended are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedules are the responsibility of the Plan's management. These supplemental schedules have been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP

March 30, 2001

Target Corporation 401(k) Plan

Statement of Net Assets Available for Benefits
(in 000s)

December 31, 2000

	Total	Participant Directed Funds	Non-Participant Directed Employer Match Funds
Assets			
Interfund receivable/(payable)	$ —	$ 206	$ (206)
Receivables:			
Participants' 401(k) and after-tax contributions	2,416	2,416	—
Employer contribution	1,393	—	1,393
Interest	1,932	1,903	29
Securities sold but not settled	3,077	1,204	1,873
Total receivables	8,818	5,523	3,295
Cash	250	—	250
Investments	3,207,557	1,922,419	1,285,138
Total assets	3,216,625	1,928,148	1,288,477
Liabilities			
Expenses payable	718	528	190
Withdrawals payable to participants	119	70	49
Total liabilities	837	598	239
Net assets available for benefits	$ 3,215,788	$ 1,927,550	$ 1,288,238

See accompanying notes.

Target Corporation 401(k) Plan

Statement of Net Assets Available for Benefits
(in 000s)

December 31, 1999

	Total	Participant Directed Funds	Non-Participant Directed Employer Match Funds
Assets			
Interfund receivable/(payable)	$ —	$ 110	$ (110)
Receivables:			
Participants' 401(k) and after-tax contributions	2,036	2,036	—
Employer contribution	970	—	970
Interest	2,830	2,819	11
Securities sold but not settled	2,809	2,571	238
Total receivables	8,645	7,426	1,219
Investments	3,491,945	1,987,754	1,504,191
Total assets	3,500,590	1,995,290	1,505,300
Liabilities			
Expenses payable	753	406	347
Withdrawals payable to participants	531	531	—
Total liabilities	1,284	937	347
Net assets available for benefits	$ 3,499,306	$ 1,994,353	$ 1,504,953

See accompanying notes.

Target Corporation 401(k) Plan

Statement of Changes in Net Assets Available for Benefits
(in 000s)

Year ended December 31, 2000

	Total	Participant Directed Funds	Non-Participant Directed Employer Match Funds
Participants' 401(k) and after-tax contributions	**$ 158,705**	**$ 158,705**	**$ —**
Employer contributions	**88,568**	**—**	**88,568**
Investment income:			
Interest (net)	**27,822**	**26,461**	**1,361**
Dividends	**13,773**	**5,439**	**8,334**
Total investment income	**41,595**	**31,900**	**9,695**
	288,868	**190,605**	**98,263**
Distributions to participants	**(253,831)**	**(174,611)**	**(79,220)**
Trustee fees	**(790)**	**(451)**	**(339)**
Administration fees	**(5,986)**	**(3,933)**	**(2,053)**
	(260,607)	**(178,995)**	**(81,612)**
Net realized and unrealized (depreciation) in fair value of investments	**(311,779)**	**(115,483)**	**(196,296)**
Interfund transfers	**—**	**37,070**	**(37,070)**
Net (decrease)	**(283,518)**	**(66,803)**	**(216,715)**
Net assets available for benefits at beginning of year	**3,499,306**	**1,994,353**	**1,504,953**
Net assets available for benefits at end of year	**$ 3,215,788**	**$ 1,927,550**	**$ 1,288,238**

See accompanying notes.

Target Corporation 401(k) Plan

Statement of Changes in Net Assets Available for Benefits
(in 000s)

Year ended December 31, 1999

	Total	Participant Directed Funds	Non-Participant Directed Employer Match Funds
Participants' 401(k) and after-tax contributions	$ 164,941	$ 164,941	$ —
Employer contributions	78,326	—	78,326
Investment income:			
Interest (net)	25,075	25,007	68
Dividends	23,743	5,126	18,617
Total investment income	48,818	30,133	18,685
	292,085	195,074	97,011
Distributions to participants	(238,628)	(167,934)	(70,694)
Trustee fees	(706)	(473)	(233)
Administration fees	(5,001)	(2,885)	(2,116)
	(244,335)	(171,292)	(73,043)
Net realized and unrealized appreciation in fair value of investments	712,908	348,367	364,541
Interfund transfers	—	26,704	(26,704)
Net increase	760,658	398,853	361,805
Net assets available for benefits at beginning of year	2,738,648	1,595,500	1,143,148
Net assets available for benefits at end of year	$ 3,499,306	$ 1,994,353	$ 1,504,953

See accompanying notes.

Target Corporation 401(k) Plan

Notes to Financial Statements

December 31, 2000

1. Description of the Plan

The Target Corporation 401(k) Plan (the Plan) was previously known as the Dayton Hudson Corporation 401(k) Plan.

Employees of Target Corporation (the Company) who meet certain eligibility requirements of age, length of service and hours worked per year can participate in the Plan. Under the terms of the Plan, participants can invest up to 20% of their current gross cash compensation in the Plan, within ERISA limits, in any combination of before-tax and/or after-tax contributions.

Participants identified as "highly-compensated," as defined by ERISA, are not allowed to make after-tax contributions and are limited to contributions of up to 5% of gross cash compensation (to a limit of $170,000 for 2000 and $160,000 for 1999 of compensation) on a before-tax basis for 2000 and 1999, subject to certain IRS limitations.

The Company matches 100% of all participants' 401(k) and after-tax contributions up to 5% of each participant's gross cash compensation. Through December 31, 2000, the Company's contributions to the Plan were invested in Company stock. These contributions are reflected in the column titled "Non-Participant Directed Employer Match Funds" on the financial statements.

Participants vest 33% in the employer-matching contributions after having been in the Plan one year and an additional 33% in each of the next two years, fully vesting after three years. Participant contributions are fully vested at all times. Participants who leave the Plan forfeit unvested Company contributions which are used to reduce future Company contributions. For the years ended December 31, 2000 and 1999, forfeitures were $4,728 and $4,750, respectively.

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

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

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

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

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

2. Accounting Policies

Accounting Method

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

last business day of the Plan year. The Company's preferred stock (see Note 4) was valued on a daily basis by an outside consulting firm and was based primarily on the market price of the Company's common stock. Participant loans are valued at the unpaid principal balance.

Use of Estimates

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

Reclassifications

Certain amounts in the 1999 financial statements have been reclassified to conform with the 2000 presentation.

3. Investments (in 000s)

The Plan allows participants to choose from among 12 investment funds. Participants may change their fund designations for past and future contributions on a daily basis.

The yield on the Plan's investment contracts for the years ended December 31, 2000 and 1999 ranged from 6.39% to 6.89% and 7.51% to 8.30%, respectively. Fair value of the investment contracts was estimated to be approximately 102% and 101% of contract value for years ended December 31, 2000 and 1999, respectively. Fair value was estimated by discounting future cash flows under the contracts at current interest rates for similar investments with comparable terms. Under the contracts, the issuer does not guarantee payment of withdrawals at contract value as a result of premature termination of the contract by the Plan or upon Plan termination.

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

		Net (Depreciation) Appreciation in Fair Value During Year
Year ended December 31, 2000:		
Collective investment funds	**$**	**(49,192)**
Target Corporation Common Stock		**756,198**
Target Corporation Convertible Preferred Stock (See Note 4 regarding stock conversion)		**(1,018,785)**
	$	**(311,779)**
Year ended December 31, 1999:		
Collective investment funds	$	102,207
Target Corporation Common Stock		257,863
Target Corporation Convertible Preferred Stock		352,838
	$	712,908

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

	December 31			
		2000		1999
Target Corporation Convertible Preferred Stock: Series B	$	—	$	1,388,379
Target Corporation Common Stock		**2,104,600**		983,660
State Street Bank & Trust Co. Flagship S&P 500 Index Fund		**309,144**		352,124
AIL Financial Products Group Annuity Contract No. 130221		**179,282**		**
Pacific Mutual Life Insurance Co. Group Annuity Contract No. 26255		**178,024**		**

**Does not exceed 5% of net assets at December 31, 1999.

4. Transactions With Parties-in-Interest

During the years ended December 31, 2000 and 1999, the Plan engaged in the following transactions related to the Company's Common Stock:

	2000	1999
Number of common shares purchased	**8,726**	9,378
Cost of common shares purchased	**$ 264,353**	$ 298,801
Number of common shares sold	**7,360**	7,704
Market value of common shares sold	**$ 247,091**	$ 255,195
Cost of common shares sold	**$ 101,301**	$ 162,102
Number of common shares distributed in kind	**710**	498
Market value of common shares distributed in kind	**$ 21,897**	$ 15,976
Cost of common shares distributed in kind	**$ 8,610**	$ 10,293
Dividends received (non-pass-thru)	**$ 5,712**	$ 5,132

During 2000, the Company distributed to shareholders one additional share of common stock for each share owned, resulting in a two-for-one common stock split. All share amounts in this report reflect the split.

The Plan includes an employee stock ownership feature. In 1990, the Plan purchased 438,353 shares of Series B ESOP Convertible Preferred Stock from the Company at a price of $864.60 per share. The Preferred Stock was purchased with the proceeds of a $379 million, 9% note payable to the Company. The note had interest payable quarterly and the principal balance was paid in full in June 1998. Annual principal payments were made to comply with ERISA regulations. Starting November 1998, 3,734 shares of Series B-1 ESOP Preferred Stock were issued and allocated to the Plan for the remainder of the year. Series B-1 Stock had the same preferences and rights as Series B Stock. As of December 31, 2000 and 1999, the Plan held no Series B-1 Stock.

The original issue value of the Preferred Stock ($864.60 per share) was guaranteed by the Company with each share convertible into 60 shares of the Company's Common Stock. The ESOP Preferred Shares had voting rights equal to the equivalent number of shares of Common Stock and were entitled to cumulative dividends of $56.20 per share each year. At December 31, 1999, 442,087 shares of Preferred Stock were allocated to participant accounts, 126,994 shares were converted and no shares were unallocated. The Company was also required to contribute to the Plan to guarantee the difference in the value of the Preferred Shares versus the value of the converted Common Shares upon withdrawal and distribution from the Plan. This contribution was $527 for the year ended December 31, 1999. On January 11, 2000, all preferred shares were converted at the discretion of the trustee, into common shares. The conversion had no impact on net assets available for benefits.

During 2000 and 1999, the Plan received match-related dividends of $8,334 and $18,616, respectively, on Target Corporation Series B and B-1 ESOP Convertible Preferred Stock and Common Stock.

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

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

	December 31	
	2000	1999
Net assets available for benefits per the financial statements	**$ 3,215,788**	$ 3,499,306
Amounts payable to terminating participants	**(1,437)**	(1,420)
Net assets available for benefits per the Form 5500	**$ 3,214,351**	$ 3,497,886

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

	Year ended December 31, 2000
Benefits paid to participants per the financial statements	$ 253,831
Subtract amounts payable to terminating participants at December 31, 1999	(1,420)
Add amounts payable to terminating participants at December 31, 2000	1,437
Benefits paid to participants per the Form 5500	$ 253,848

6. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated March 15, 1995, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Subsequent to this issuance of the determination letter, the Plan was amended and restated. The amended and restated Plan has since applied for, but has not yet received, a new determination letter. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. Distributions of benefits to participants, their estates or beneficiaries generally are subject to federal and state income tax at ordinary income tax rates. The Plan Administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan, as amended and restated, is qualified and the related trust is tax-exempt.

Target Corporation 401(k) Plan

EIN: 41-0215170
Plan #002

Schedule H, Line 4i—Schedule of Assets Held for
Investment Purposes at End of Year

December 31, 2000

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Cost	Current Value
CASH EQUIVALENTS			
	*State Street Bank & Trust Co.		
$48,414,142	Short Term Investment Fund	$ 48,414,142	$ 48,414,142
GROUP ANNUITY CONTRACTS			
	American International Life Group (AIL) Financial Products		
179,282,087	Group Annuity Contract No. 130221, 6.38%, due 12/31/02	179,282,087	179,282,087
	Blackrock Financial Management, Inc.		
	Managed Synthetic Guaranteed Investment Contract		
—	Wrap Instruments for AIL GAC No. 130221	(3,337,596)	(3,337,596)
	Pacific Mutual Life Insurance Co.		
178,024,089	Group Annuity Contract No. 26255, 1.0%, due 1/01/10	178,024,089	178,024,089
	Goldman Sachs		
	Managed Synthetic Guaranteed Investment Contract		
—	Wrap Instrument for Pacific Mutual GAC No. 26255	(3,339,650)	(3,339,650)
	TOTAL GROUP ANNUITY CONTRACTS	350,628,930	350,628,930
COLLECTIVE INVESTMENT FUNDS			
	Norwest Bank Minnesota, N.A.		
1,450,715	Stable Return Fund	42,843,142	43,889,934
	Norwest Bank Minnesota, N.A.		
1,731,389	Managed Synthetic Fund	20,000,000	20,969,247
	*State Street Bank & Trust Co.		
1,369,730	Flagship S&P 500 Index Fund	197,613,140	309,143,885
	*State Street Bank & Trust Co.		
4,053,386	Bond Market Index Fund	50,037,154	55,413,838

Schedule H, Line 4i—Schedule of Assets Held for
Investment Purposes at End of Year (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Cost	Current Value
COLLECTIVE INVESTMENT FUNDS (continued)			
	*State Street Bank & Trust Co.		
$6,464,761	Russell 3000 Fund	$ 64,771,975	$ 61,925,950
	*State Street Bank & Trust Co.		
4,077,163	Russell 2000 Fund	57,392,643	59,860,905
	*State Street Bank & Trust Co.		
2,578,728	EAFE Series A	33,058,306	35,916,528
	*State Street Bank & Trust Co.		
972,782	Daily EAFE	11,188,047	10,949,634

553,243	Barclays Global Investors U.S. Tactical Asset Allocation Fund F	8,893,730	9,488,115
539,160	*State Street Bank & Trust Co. Emerging Market Stock Fund	4,916,502	3,785,440
3,902,696	Barclays Global Investors Growth Equity Fund F	41,650,229	38,324,480
1,395,756	Barclays Global Investors Value Equity Fund F	14,398,459	15,939,529
	TOTAL COLLECTIVE INVESTMENT FUNDS	546,763,327	665,607,485
COMMON STOCK			
65,258,909	*Target Corporation	926,140,681	2,104,599,815
PARTICIPANT LOANS			
38,306,182	Participant loans, interest rates ranging from 8.75% to 10.5%	—	38,306,182
	TOTAL ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR	**$ 1,871,947,080**	**$ 3,207,556,554**

*Indicates a party-in-interest to the Plan.

Target Corporation 401(k) Plan

EIN: 41-0215170
Plan #002

Schedule H, Line 4j—Schedule of Reportable Transactions

Year ended December 31, 2000

Identity of Party Involved	Description of Asset	Purchase Price	Selling Price	Cost of Asset	Current Value of Asset on Transaction Date	Net Gain/ (Loss)
Category (iii)—Series of Transactions in Excess of 5% of Plan Assets						
Target Corporation	43,175,589 units purchased in 194 transactions	$ 1,003,919,103		$ 1,003,919,103	$ 1,003,919,103	
Common Stock	24,384,482 units sold in 54 transactions		$ 639,125,162	480,047,504	639,125,162	$ 159,077,658
State Street Bank & Trust Co.	330,067,532 units purchased in 110 transactions	330,067,532		330,067,532	330,067,532	
Short Term Investment	334,448,882 units sold in 150 transactions		334,448,882	334,448,882	334,448,882	—

There were no category (i), (ii) or (iv) transactions for the year ended December 31, 2000.

QuickLinks

Consent of Independent Auditors
Target Corporation 401(k) Plan Audited Financial Statements and Schedules Years ended December 31, 2000 and 1999
Contents
Report of Independent Auditors
Target Corporation 401(k) Plan Statement of Net Assets Available for Benefits (in 000s) December 31, 2000
Target Corporation 401(k) Plan Statement of Net Assets Available for Benefits (in 000s) December 31, 1999
Target Corporation 401(k) Plan Statement of Changes in Net Assets Available for Benefits (in 000s) Year ended December 31, 2000
Target Corporation 401(k) Plan Statement of Changes in Net Assets Available for Benefits (in 000s) Year ended December 31, 1999
Target Corporation 401(k) Plan Notes to Financial Statements
Target Corporation 401(k) Plan EIN: 41-0215170 Plan #002 Schedule H, Line 4i—Schedule of Assets Held for Investment Purposes at End of Year December 31, 2000
Target Corporation 401(k) Plan EIN: 41-0215170 Plan #002 Schedule H, Line 4i—Schedule of Assets Held for Investment Purposes at End of Year (continued)
Target Corporation 401(k) Plan EIN: 41-0215170 Plan #002 Schedule H, Line 4j—Schedule of Reportable Transactions Year ended December 31, 2000

Exhibit (99)C.

CAUTIONARY STATEMENTS RELATING TO FORWARD-LOOKING INFORMATION.

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

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

Competitive Pressures

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

Consumer Trends

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

Credit Operations

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

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

General Economic Conditions

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

Labor Conditions

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

Product Sourcing

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

Other Factors

Other factors that could cause actual results to differ materially from those predicted include: weather, changes in the availability or cost of capital, the availability of suitable new store locations on acceptable terms, shifts in the

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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 or technologies, 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.