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 2, 2002

OR

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

For the Transition period from __________________ to __________________

Commission File Number 1-6049

TARGET CORPORATION

(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

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

Aggregate market value of the voting stock held by non-affiliates of the Registrant on April 1, 2002 was $38,762,935,291, based on the closing price of $42.85 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, 2002: 906,761,408 shares of Common Stock, par value $.0833.

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of Registrant's 2001 Annual Report to Shareholders are incorporated into Parts I, II and IV.

2. Portions of Registrant's Proxy Statement dated April 15, 2002 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 28; Business Segment Comparisons, excluding years 1996-1998, Page 35; Quarterly Results (Unaudited), 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 1996-1998, of Registrant's 2001 Annual Report to Shareholders are incorporated herein by reference. The Registrant was incorporated in Minnesota in 1902. At the end of fiscal 2001, Registrant employed approximately 280,000 people, including 220,000 at Target Stores, 32,000 at Mervyn's and 27,000 at Marshall Field's.

Competition

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

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

Item 2. Properties.

Leases, Page 32, Owned and Leased Store Locations, Page 32, and the list of store locations on Pages 16 and 23 of Registrant's 2001 Annual Report to Shareholders are incorporated herein by reference.

Item 3. Legal Proceedings.

Commitments and Contingencies, Page 30, of Registrant's 2001 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, 2002 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)	58
Linda L. Ahlers	President of Marshall Field's (a division of Registrant)	51
Todd V. Blackwell	Senior Vice President, Human Resources of Registrant	40
Bart Butzer	Executive Vice President of Target Stores	45
Michael R. Francis	Senior Vice President, Marketing of Registrant	39
John D. Griffith	Senior Vice President, Property Development of Registrant	40
James T. Hale	Executive Vice President, General Counsel and Corporate Secretary of Registrant	61
Maureen W. Kyer	Executive Vice President, Merchandising of Mervyn's (a subsidiary of Registrant)	48
Diane L. Neal	President of Mervyn's	45
Luis A. Padilla	Executive Vice President, Merchandising of	47

	Marshall Field's	
Douglas A. Scovanner	Executive Vice President and Chief Financial Officer of Registrant	46
Paul L. Singer	Senior Vice President of Technology Services and Chief Information Officer of Registrant	48
Gregg W. Steinhafel	President of Target Stores	47
Gerald L. Storch	Vice Chairman of Registrant	45
Ertugrul Tuzcu	Executive Vice President, Store Operations of Marshall Field's	49

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, 2002 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 Executive Vice President of Target Stores since April 2001. President of Mervyn's from 1997 to April 2001. 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 Executive Vice President, Merchandising of Mervyn's since 2001, 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.

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

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

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

Paul L. Singer Senior Vice President, Technology Services and Chief Information Officer of Registrant since April 2000, Senior Vice President, Information Services of Registrant from 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 36, of Registrant's 2001 Annual Report to Shareholders are incorporated herein by reference.

Item 6. Selected Financial Data.

The data on years 1997-2001 in the Summary Financial and Operating Data (excluding 1996 and Other Data), Page 37, of Registrant's 2001 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 34, of Registrant's 2001 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 1996-1998 on Page 35) and the Report of Independent Auditors, Page 38, of Registrant's 2001 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 15, 2002. 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 25, of Registrant's Proxy Statement dated April 15, 2002, are incorporated herein by reference. See also Item X of Part I hereof.

Item 11. Executive Compensation.

Executive Compensation, Pages 12-17, and Director Compensation, Page 8, of Registrant's Proxy Statement dated April 15, 2002, 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 15, 2002, 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 2, 2002, February 3, 2001 and January 29, 2000.

Consolidated Statements of Financial Position at February 2, 2002 and February 3, 2001.

Consolidated Statements of Cash Flows for the Years Ended February 2, 2002, February 3, 2001 and January 29, 2000.

Consolidated Statements of Shareholders' Investment for the Years Ended February 2, 2002, February 3, 2001 and January 29, 2000.

Notes to Consolidated Financial Statements on Pages 28-36 (excluding years 1996-98 on Page 35) of Registrant's 2001 Annual Report to Shareholders.

Report of Independent Auditors on Page 38 of Registrant's 2001 Annual Report to Shareholders.

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

Report on Form 10-K.

Financial Statement Schedule:

For the Years Ended February 2, 2002, February 3, 2001 and January 29, 2000.

II—Valuation and Qualifying Accounts.

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

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

Form 8-K filed on January 10, 2002, providing the news release relating to December sales results.

c) **Exhibits**

(3)A.		Restated Articles of Incorporation (as amended January 9, 2002)
B.		By-Laws (as amended through November 11, 1998) (1)
(4)A.		Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock, as amended (2)
B.		Rights Agreement, dated as of September 12, 2001, between the Registrant and EquiServe Trust Company, N.A., as Rights Agent (3)
C.		Registrant agrees to furnish to the Commission on request copies of instruments with respect to long-term debt.
(10)A.	*	Executive Short-Term Incentive Plan, as amended March 13, 2002
B.	*	Director Stock Option Plan of 1995 (4)
C.	*	Supplemental Pension Plan I (5)
D.	*	Executive Long Term Incentive Plan of 1981, as amended and restated January 13, 1999 (6)
E.	*	Supplemental Pension Plan II (7)
F.	*	Supplemental Pension Plan III (8)
G.	*	Deferred Compensation Plan Senior Management Group (9)
H.	*	Deferred Compensation Plan Directors (10)
I.	*	Income Continuance Policy Statement, as amended through January 13, 1999 (11)
J.	*	SMG Income Continuance Policy Statement, as amended through January 13, 1999 (12)
K.	*	SMG Executive Deferred Compensation Plan (13)
L.	*	Director Deferred Compensation Plan (14)
M.	*	Long-Term Incentive Plan of 1999 (15)
N.	*	Executive Excess Long Term Disability Plan (16)
O.	*	Agreement, dated June 8, 2000 between the Registrant and Larry V. Gilpin (17)
(12)		Statements re: Computations of Ratios
(13)		2001 Annual Report to Shareholders (only those portions specifically incorporated by reference herein shall be deemed filed with the Commission)
(21)		List of Subsidiaries
(23)		Consent of Independent Auditors
(24)		Powers of Attorney
(99)A.		Registrant's Form 11-K Report for the year ended December 31, 2001
B.		Registrant's Proxy Statement dated April 15, 2002 (only those portions specifically incorporated by reference herein shall be deemed filed with the Commission)(18)
C.		Cautionary Statements Relating to Forward-Looking Information

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

---

* Management contract or compensation plan or arrangement required to be filed as an exhibit to this Form 10-K.
(1) Incorporated by reference to Exhibit (3)(ii) to Registrant's Form 10-Q Report for the quarter ended October 31, 1998.
(2) Incorporated by reference to Exhibit A to Exhibit 1 to Registrant's Registration Statement on Form 8-A dated September 19, 2001.
(3) Incorporated by reference to Exhibit 1 to Registrant's Registration Statement on Form 8-A dated September 19, 2001.
(4) Incorporated by reference to Exhibit B to the Registrant's Proxy Statement dated April 19, 1995.
(5) Incorporated by reference to Exhibit (10)E to the Registrant's Form 10-K Report for the year ended February 1, 1997.
(6) Incorporated by reference to Exhibit (10)F to the Registrant's Form 10-K Report for the year ended January 30, 1999.
(7) Incorporated by reference to Exhibit (10)G to the Registrant's Form 10-K Report for the year ended February 1, 1997.
(8) Incorporated by reference to Exhibit (10)H to the Registrant's Form 10-K Report for the year ended February 1, 1997.
(9) Incorporated by reference to Exhibit (10)I to the Registrant's Form 10-K Report for the year ended February 1, 1997.
(10) Incorporated by reference to Exhibit (10)J to the Registrant's Form 10-K Report for the year ended February 1, 1997.
(11) Incorporated by reference to Exhibit (10)K to the Registrant's Form 10-K Report for the year ended January 30, 1999.
(12) Incorporated by reference to Exhibit (10)L to the Registrant's Form 10-K Report for the year ended January 30, 1999.
(13) Incorporated by reference to Exhibit 4.4 to the Registrant's Registration Statement on Form S-8 filed on December 21, 2001.
(14) Incorporated by reference to Exhibit 4.2 to the Registrant's Registration Statement on Form S-8 filed on December 21, 2001.
(15) Incorporated by reference to Exhibit (10) to the Registrant's Form 10-Q Report for the quarter ended May 1, 1999.
(16) Incorporated by reference to Exhibit (10)O to the Registrant's Form 10-K Report for the year ended February 3, 2001.

(17) Incorporated by reference to Exhibit (10)A to the Registrant's Form 10-Q Report for the quarter ended July 29, 2000.
(18) Incorporated by reference to Registrant's Proxy Statement dated April 15, 2002.

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 15, 2002

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 15, 2002

/s/ DOUGLAS A. SCOVANNER

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

Dated: April 15, 2002

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

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 15, 2002

TARGET CORPORATION
Schedule II - Valuation and Qualifying Accounts
Fiscal Years 2001, 2000 and 1999

(Millions of Dollars)

Column A	Column B	Column C	Column D	Column E
Description	**Balance at beginning of Period**	**Additions charged to cost, expenses, revenues**	**Deductions**	**Balance at end of period**
Accounts receivable reserves:				
2001(a)	$ 0	$ 352	($ 91)	$ 261
2000	—	—	—	—
1999	—	—	—	—

(a) Concurrent with our August 22, 2001 issuance of receivable backed securites, SFAS No. 140 (which replaced SFAS No. 125 in its entirety) became the guidance applicable to our receivable-backed securities transactions. As described in detail in the Notes to Consolidated Financial Statements on page 29 of Registrant's Annual Report to Shareholders, this transaction and the application of SFAS No. 140 resulted in a number of accounting changes including the reclassification of the owned receivable-backed securities to accounts receivable at fair value.

EXHIBITS
filed with
Target Corporation
FORM 10-K

For the Year Ended February 3, 2002

(3)A.	Restated Articles of Incorporation (as amended January 9, 2002)	Filed Electronically
(10)A.	Executive Short-Term Incentive Plan, as amended March 13, 2002	Filed Electronically
(12)	Statements re: Computations of Ratios	Filed Electronically
(13)	2001 Annual Report to Shareholders	Filed Electronically
(21)	List of Subsidiaries	Filed Electronically
(23)	Consent of Independent Auditors	Filed Electronically
(24)	Powers of Attorney	Filed Electronically
(99)A.	Registrant's Form 11-K Report for the year ended December 31, 2001	Filed Electronically
(99)C.	Cautionary Statements Relating to Forward-Looking Information	Filed Electronically

QuickLinks

DOCUMENTS INCORPORATED BY REFERENCE
PART I

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

PART II

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

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

RESTATED

ARTICLES OF INCORPORATION

OF

TARGET CORPORATION
(As amended through January 9, 2002)

The undersigned, JAMES T. HALE, the EXECUTIVE VICE PRESIDENT, GENERAL COUNSEL AND CORPORATE SECRETARY of TARGET CORPORATION, a Minnesota corporation (the "Corporation"), does hereby certify that the following Restated Articles of Incorporation were adopted by the Corporation in accordance with Chapter 302A of the Minnesota Statutes:

ARTICLE I

The name of the corporation is Target Corporation.

ARTICLE II

The location and post-office address of the registered office of the corporation in the State of Minnesota is number 1000 Nicollet Mall in the City of Minneapolis, County of Hennepin.

ARTICLE III

The total authorized number of shares of the corporation is 6,005,000,000. The shares are classified in two classes, consisting of 5,000,000 shares of Preferred Stock of the par value of $0.01 per share and 6,000,000,000 shares of Common Stock of the par value of $0.0833 per share.

The Board of Directors is authorized to establish one or more series of Preferred Stock, setting forth the designation of each such series, and fixing the relative rights and preferences of each such series.

Each holder of record of Common Stock shall be entitled to one vote for each share of Common Stock held by such shareholder on every matter voted on at every meeting of shareholders of the corporation. No holder of shares of stock of any class or series shall be entitled to cumulate his/her votes in any election of directors.

No holder of shares of stock of any class or series shall be entitled as such, as a matter of right, to subscribe for or purchase any part of any new or additional issue of shares of stock of any class or series whatsoever or of any securities convertible into or exchangeable for any shares of stock of any class or series whatsoever, whether now or hereafter authorized or issued for cash or other consideration.

ARTICLE IV

A. In addition to any affirmative vote required by law or these Articles of Incorporation, and except as otherwise expressly provided in Section B of this Article IV, a Business Combination (as hereinafter defined) shall require the affirmative vote of not less than seventy-five percent (75%) of the votes entitled to be cast by the holders of all then outstanding shares of Voting Stock (as hereinafter defined), voting together as a single class. Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage or separate class vote may be specified, by law or by any other provision of these Articles of Incorporation or in any agreement with any national securities exchange or otherwise.

B. The provisions of Section A of this Article IV shall not be applicable to any particular Business Combination, and such Business Combination shall require only such affirmative vote, if any, as is required by law or by any other provision of these Articles of Incorporation or in any agreement with any national securities exchange or otherwise, if the conditions specified in either of the following Paragraphs 1 or 2 are met:

1. The Business Combination shall have been approved by a majority of the Continuing Directors (as hereinafter defined).

2. All of the following conditions shall have been met:

a. The aggregate amount of cash and the Fair Market Value (as hereinafter defined) as of the date of the consummation of the Business Combination of consideration other than cash to be received per share by holders of Common Stock in such Business Combination shall be at least equal to the higher amount determined under clauses (i) and (ii) below:

(i) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by or on behalf of the Interested Shareholder (as hereinafter defined) for any share of Common Stock in connection with the acquisition by the Interested Shareholder of beneficial ownership of shares of Common Stock (a) within the two-year period immediately prior to the date of the first public announcement of the proposed Business Combination (the "Announcement Date") or (b) in the transaction in which it became an Interested Shareholder, whichever is higher; and

(ii) the fair Market Value per share of Common Stock on the Announcement Date or on the date on which the Interested Shareholder became an Interested Shareholder (such latter date being referred to herein as the "Determination Date"), whichever is higher.

b. The aggregate amount of cash and the Fair Market Value as of the date of the consummation of the Business Combination of consideration other than cash to be received per share by holders of shares of any class or series of outstanding Capital Stock (as hereinafter defined), other than Common Stock, shall be at least equal to the highest amount determined under clauses (i), (ii) and (iii) below:

(i) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by or on behalf of the Interested Shareholder for any share of such class or series of Capital Stock in connection with the acquisition by the Interested Shareholder of beneficial ownership of shares of such class or series of Capital Stock (a) within the two-year period immediately prior to the Announcement Date or (b) in the transaction in which it became an Interested Shareholder, whichever is higher;

(ii) the Fair Market Value per share of such class or series of Capital Stock on the Announcement Date or on the Determination Date, whichever is higher; and

(iii) (if applicable) the highest preferential amount per share to which the holders of shares of such class or series of Capital Stock would be entitled in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the corporation, regardless of whether the Business Combination to be consummated constitutes such an event.

The provisions of this Paragraph 2.b shall be required to be met with respect to every class or series of outstanding Capital Stock, whether or not the Interested Shareholder has previously acquired beneficial ownership of any shares of a particular class or series of Capital Stock.

---

c. The consideration to be received by holders of a particular class or series of outstanding Capital Stock shall be in cash or in the same form as previously has been paid by or on behalf of the Interested Shareholder in connection with its direct or indirect acquisition of beneficial ownership of shares of such class or series of Capital Stock. If the consideration so paid for shares of any class or series of Capital Stock varied as to form, the form of consideration for such class or series of Capital Stock shall be either cash or the form used to acquire beneficial ownership of the largest number of shares of such class or series of Capital Stock previously acquired by the Interested Shareholder. The price determined in accordance with Paragraphs 2.a and 2.b of Section B of this Article IV shall be subject to appropriate adjustment in the event of any stock dividend, stock split, combination of shares or similar event.

d. After such Interested Shareholder has become an Interested Shareholder and prior to the consummation of such Business Combination: (i) there shall have been no failure to declare and pay at the regular date therefor any full quarterly dividends (whether or not cumulative) payable in accordance with the terms of any outstanding Capital Stock, except as approved by a majority of the Continuing Directors; (ii) there shall have been no reduction in the annual rate of dividends paid on the Common Stock (except as necessary to reflect any stock dividend, stock split, combination of shares or similar event), except as approved by a majority of the Continuing Directors; (iii) there shall have been an increase in the annual rate of dividends paid on the Common Stock as necessary to reflect any reclassification (including any reverse stock split), recapitalization, reorganization or any similar transaction that has the effect of reducing the number of outstanding shares of Common Stock, unless the failure to increase such annual rate is approved by a majority of the Continuing Directors; and (iv) except as approved by a majority of the Continuing Directors, such Interested Shareholder shall not have become the beneficial owner of any additional shares of Capital Stock except as part of the transaction that results in such Interested Shareholder becoming an Interested Shareholder and except in a transaction that, after giving effect thereto, would not result in any increase in the Interested Shareholder's percentage beneficial ownership of any class or series of Capital Stock.

e. After such Interested Shareholder has become an Interested Shareholder, such Interested Shareholder shall not have received the benefit, directly or indirectly (except proportionately as a shareholder of the corporation), of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by the corporation, whether in anticipation of or in connection with such Business Combination or otherwise.

f. A proxy or information statement describing the proposed Business Combination and complying with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder (the "Act") (or any subsequent provisions replacing such Act, rules or regulations) shall be mailed to all shareholders of the corporation at least 30 days prior to the consummation of such Business Combination (whether or not such proxy or information statement is required to be mailed pursuant to the Act or subsequent provisions). The proxy or information statement shall contain on the first page thereof, in a prominent place, any statement as to the advisability (or inadvisability) of the Business Combination that a majority of the Continuing Directors may choose to make and, if deemed advisable by a majority of the Continuing Directors, the opinion of an investment banking firm selected by a majority of the Continuing Directors as to the fairness (or lack of fairness) of the terms of the Business Combination from a financial point of view to the holders of the outstanding shares of Capital Stock other than the Interested Shareholder and its Affiliates (as hereinafter defined) or Associates (as hereinafter defined).

---

g. Such Interested Shareholder shall not have made or caused to be made any major change in the corporation's business or equity capital structure without the approval of a majority of the Continuing Directors.

C. For the purposes of this Article IV:

1. The term "Business Combination" shall mean:

a. any merger, consolidation or statutory exchange of shares of the corporation or any Subsidiary (as hereinafter defined) with (i) any Interested Shareholder or (ii) any other corporation (whether or not itself an Interested Shareholder) which is or after such merger, consolidation or statutory share exchange would be an Affiliate or Associate of an Interested Shareholder, provided, however, that the foregoing shall not include the merger of a wholly-owned Subsidiary of the corporation into the corporation or the merger of two or more wholly-owned Subsidiaries of the corporation; or

b. any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with an Interested Shareholder or any Affiliate or Associate of any Interested Shareholder of any assets of the corporation or any Subsidiary equal to or greater than ten percent (10%) of the book value of the consolidated assets of the corporation; or

c. any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with the corporation or any Subsidiary of any assets of any Interested Shareholder or any Affiliate or Associate of any Interested Shareholder equal to or greater than ten percent (10%) of the book value of the consolidated assets of the corporation; or

d. the issuance or transfer by the corporation or any Subsidiary (in one transaction or a series of transactions) to any Interested Shareholder or any Affiliate or Associate of any Interested Shareholder of any securities of the corporation (except pursuant to stock dividends, stock splits, or similar transactions which would not have the effect, directly or indirectly, of increasing the proportionate share of any class or series of Capital Stock, or any securities convertible into Capital Stock or into equity securities of any Subsidiary, that is beneficially owned by any Interested Shareholder or any Affiliate or Associate of any Interested Shareholder) or of any securities of a Subsidiary (except pursuant to a pro rata distribution to all holders of Common Stock of the Corporation); or

e. the adoption of any plan or proposal for the liquidation or dissolution of the corporation proposed by or on behalf of an Interested Shareholder or any Affiliate or Associate of any Interested Shareholder; or

f. any transaction (whether or not with or otherwise involving an Interested Shareholder) that has the effect, directly or indirectly, of increasing the proportionate share of any class or series of Capital Stock, or any securities convertible into Capital Stock or into equity securities of any Subsidiary, that is beneficially owned by any Interested Shareholder or any Affiliate or Associate of any Interested Shareholder, including, without limitation any reclassification of securities (including any reverse stock split), or recapitalization of the corporation, or any merger, consolidation or statutory exchange of shares of the corporation with any of its Subsidiaries; or

g. any agreement, contract or other arrangement or understanding providing for any one or more of the actions specified in the foregoing clauses (a) to (f).

2. The term "Capital Stock" shall mean all capital stock of the corporation authorized to be issued from time to time under Article III of these Articles of Incorporation. The term "Voting Stock" shall mean all Capital Stock of the corporation entitled to vote generally in the election of directors of the corporation.

---

3. The term "person" shall mean any individual, firm, corporation or other entity and shall include any group comprised of any person and any other person with whom such person or any Affiliate or Associate of such person has any agreement, arrangement or understanding, directly or indirectly, for the purpose of acquiring, holding, voting or disposing of Capital Stock.

4. The term "Interested Shareholder" shall mean any person (other than the corporation or any Subsidiary and other than any profit-sharing, employee stock ownership or other employee benefit plan of the corporation or any Subsidiary or any trustee of or fiduciary with respect to any such plan when acting in such capacity) who (a) is the beneficial owner of Voting Stock representing ten percent (10%) or more of the votes entitled to be cast by the holders of all then outstanding shares of Voting Stock; or (b) is an Affiliate or Associate of the corporation and at any time within the two-year period immediately prior to the date in question was the beneficial owner of Voting Stock representing ten percent (10%) or more of the votes entitled to be cast by the holders of all then outstanding shares of Voting Stock; or (c) is an assignee of or has otherwise succeeded to any shares of Voting Stock which were at any time within the two-year period immediately prior to the date in question beneficially owned by any Interested Shareholder, if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

5. A person shall be a "beneficial owner" of any Capital Stock (a) which such person or any of its Affiliates or Associates beneficially owns, directly or indirectly; (b) which such person or any of its Affiliates or Associates has, directly or indirectly, (i) the right to acquire (whether such right is exercisable immediately or subject only to the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (ii) the right to vote pursuant to any agreement, arrangement or understanding, or (iii) the right to dispose or direct the disposition of, pursuant to any agreement, arrangement or understanding; or (c) which are beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of Capital stock. For the purpose of determining whether a person is an interested Shareholder pursuant to Paragraph 4 of this Section C, the number of shares of Capital Stock deemed to be outstanding shall include shares deemed beneficially owned by such person through application of this Paragraph 5, but shall not include any other shares of Capital Stock that may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, exchange rights, warrants or options, or otherwise.

6. The term "Affiliate", used to indicate a relationship with a specified person, shall mean a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified person. The term "Associate", used to indicate a relationship with a specified person, shall mean (a) any person (other than the corporation or a Subsidiary) of which such specified person is an officer or partner or is, directly or indirectly, the beneficial owner of ten percent (10%) or more of any class of equity securities, (b) any trust or other estate in which such specified person has a substantial beneficial interest or as to which such specified person serves as trustee or in a similar fiduciary capacity, (c) any relative or spouse of such specified person or any relative of such spouse, who has the same home as such specified person or who is a director or officer of the corporation or any Subsidiary, and (d) any person who is a director or officer of such specified person or any of its parents or subsidiaries (other than the corporation or a Subsidiary).

---

7. The term "Subsidiary" shall mean any corporation of which a majority of any class of equity security is beneficially owned, directly or indirectly, by the corporation; provided, however, that for the purposes of Paragraph 4 of this Section C, the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is beneficially owned, directly or indirectly, by the corporation.

8. The term "Continuing Director" shall mean any member of the Board of Directors of the corporation, while such person is a member of the Board of Directors, who was a member of the Board of Directors prior to the time that the Interested Shareholder involved in the Business Combination in question became an Interested Shareholder, and any member of the Board of Directors, while such person is a member of the Board of Directors, whose election, or nomination for election by the corporation's shareholders, was approved by a vote of a majority of the Continuing Directors; provided, however, that in no event shall an Interested Shareholder involved in the Business Combination in question or any Affiliate, Associate or representative of such Interested Shareholder, be deemed to be a Continuing Director.

9. The term "Fair Market Value" shall mean (a) in the case of cash, the amount of such cash; (b) in the case of stock, the highest closing sale price during the 30-day period immediately preceding the date in question of a share of such stock on the Composite Tape for New York Stock Exchange-Listed Stocks, or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, or, if such stock is not listed on such Exchange, on the principal United States securities exchange registered under the Act on which such stock is listed, or, if such stock is not listed on any such exchange, the highest closing bid quotation with respect to a share of such stock during the 30-day period preceding the date in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any similar system then in use, or if no such quotations are available, the fair market value on the date in question of a share of such stock as determined by a majority of the Continuing Directors in good faith; and (c) in the case of property other than cash or stock, the fair market value of such property on the date in question as determined in good faith by a majority of the Continuing Directors.

10. In the event of any Business Combination in which the corporation survives, the phrase "consideration other than cash to be received" as used in Paragraphs 2.a and 2.b of Section B of this Article IV shall include the shares of Common Stock and/or the shares of any other class or series of Capital Stock retained by the holders of such shares.

D. The Continuing Directors by majority vote shall have the power to determine for the purposes of this Article IV, on the basis of information known to them after reasonable inquiry, (a) whether a person is an Interested Shareholder, (b) the number of shares of Capital Stock (including Voting Stock) or other securities beneficially owned by any person, (c) whether a person is an Affiliate or Associate of another, (d) whether the assets that are the subject of any Business Combination equal or exceed ten percent (10%) of the book value of the consolidated assets of the corporation, (e) whether a proposed plan of dissolution or liquidation is proposed by or on behalf of an Interested Shareholder or any Affiliate or Associate of any Interested Shareholder, (f) whether any transaction has the effect, directly or indirectly, of increasing the proportionate share of any class or series of Capital Stock, or any securities convertible into Capital Stock or into equity securities of any Subsidiary, that is beneficially owned by an Interested Shareholder or any Affiliate or Associate of an Interested Shareholder, (g) whether any Business Combination satisfies the conditions set forth in Paragraph 2 of Section B of this Article IV, and (h) such other matters with respect to which a determination is required under this Article IV. Any such determination made in good faith shall be binding and conclusive on all parties.

E. Nothing contained in this Article IV shall be construed to relieve any Interested Shareholder from any fiduciary obligation imposed by law.

F. The fact that any Business Combination complies with the provisions of Section B of this Article IV shall not be construed to impose any fiduciary duty, obligation or responsibility on the Board of Directors, or any member thereof, or the Continuing Directors, or any of them, to approve such Business Combination or recommend its adoption or approval to the shareholders of the corporation, nor shall such compliance limit, prohibit or otherwise restrict in any manner the Board of Directors, or any member thereof, or the continuing Directors, or any of them, with respect to evaluations of or actions and responses taken with respect to such Business Combination.

G. Notwithstanding any other provisions of these Articles of Incorporation (and notwithstanding the fact that a lesser percentage or separate class vote may be specified by law or these Articles of Incorporation), the affirmative vote of the holders of not less than seventy-five percent (75%) of the votes entitled to be cast by the holders of all then outstanding shares of Voting Stock, voting together as a single class, shall be required to amend or repeal, or adopt any provisions inconsistent with, this Article IV.

ARTICLE V

No director of the corporation shall be personally liable to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director; provided, however, that this Article V shall not eliminate or limit the liability of a director to the extent provided by applicable law (i) for any breach of the director's duty of loyalty to the corporation or its shareholders, (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) under section 302A.559 or 80A.23 of the Minnesota Statutes, (iv) for any transaction from which the director derived an improper personal benefit, or (v) for any act or omission occurring prior to the effective date of this Article V. No amendment to or repeal of this Article V shall apply to or have any effect on the liability or alleged liability of any director of the corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

ARTICLE VI

The business and affairs of the corporation shall be managed by or under the direction of a Board of Directors consisting of not less than five nor more than twenty-one persons, who need not be shareholders. The number of directors may be increased by the shareholders or Board of Directors or decreased by the shareholders from the number of directors on the Board of Directors immediately prior to the effective date of this Article VI; provided, however, that any change in the number of directors on the Board of Directors (including, without limitation, changes at annual meetings of shareholders) shall be approved by the affirmative vote of not less than seventy-five percent (75%) of the votes entitled to be cast by the holders of all then outstanding shares of Voting Stock (as defined in Article IV), voting together as a single class, unless such change shall have been approved by a majority of the entire Board of Directors. If such change shall not have been so approved, the number of directors shall remain the same. The directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors.

At the 1988 annual meeting of shareholders, Class I directors shall be elected for a one-year term, Class II directors for a two-year term and Class III directors for a three-year term. At each succeeding annual meeting of shareholders beginning in 1989, successors to the class of directors whose term expires at that annual meeting shall be elected for a three-year term. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class. In no case will a decrease in the number of directors shorten the term of any incumbent director. A director shall hold office until the annual meeting for the year in which the director's term expires and until a successor shall be elected and qualify, subject, however, to prior death, resignation, retirement, disqualification or removal from office. Removal of a director from

---

office (including a director named by the Board of Directors to fill a vacancy or newly created directorship), with or without cause, shall require the affirmative vote of not less than seventy-five percent (75%) of the votes entitled to be cast by the holders of all then outstanding shares of Voting Stock, voting together as a single class. Any vacancy on the Board of Directors that results from an increase in the number of directors may be filled by a majority of the Board of Directors then in office, and any other vacancy occurring in the Board of Directors may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of such director's predecessor.

Notwithstanding the foregoing, whenever the holders of any one or more classes of preferred or preference stock issued by the corporation shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of shareholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by or pursuant to the applicable terms of these Articles of Incorporation, and such directors so elected shall not be divided into classes pursuant to this Article VI unless expressly provided by such terms.

No person (other than a person nominated by or on behalf of the Board of Directors) shall be eligible for election as a director at any annual or special meeting of shareholders unless a written request that his or her name be placed in nomination is received from a shareholder of record by the Secretary of the corporation not less than 60 days prior to the date fixed for the meeting, together with the written consent of such person to serve as a director.

Notwithstanding any other provisions of these Articles of Incorporation (and notwithstanding the fact that a lesser percentage or separate class vote may be specified by law or these Articles of Incorporation), the affirmative vote of the holders of not less than seventy-five percent (75%) of the votes entitled to be cast by the holders of all then outstanding shares of Voting Stock, voting together as a single class, shall be required to amend or repeal, or adopt any provisions inconsistent with, this Article VI.

IN WITNESS WHEREOF, I have hereunto set my hand this 9th day of January, 2002.

TARGET CORPORATION
(a Minnesota corporation)

/s/ James T. Hale

James T. Hale
Executive Vice President,
General Counsel and
Corporate Secretary

QuickLinks

RESTATED ARTICLES OF INCORPORATION
ARTICLE I
ARTICLE II
ARTICLE III
ARTICLE IV
ARTICLE V
ARTICLE VI

TARGET CORPORATION
EXECUTIVE SHORT-TERM INCENTIVE PLAN

Article I—Background

1.1 Name. The name of the short-term incentive plan set forth herein is "Target Corporation Executive Short-Term Incentive Plan." It is sometimes hereinafter referred to as the "STIP" or the "Plan."

1.2 Compensation Policy and Plan Intent. The Plan has been designed to promote the Company's pay-for-performance compensation philosophy by providing financial incentives ("incentive bonuses") to designated upper-level executive employees, who through their efforts directly and significantly impact the achievement of Company goals and objectives. Such incentive bonuses are intended to reflect on both an executive's personal achievements, as well as a Division's or Company's achievement of such goals and objectives.

1.3 Eligibility. Participation in this Plan is restricted to those upper-level executive employees who, through their position and performance, have a decided impact upon the performance of the Company and/or a Division, and therefore upon the operating results of the Company. The Compensation Committee shall determine which individuals or groups of individuals by title or position or rank shall participate in the Plan.

1.4 Transfer and Termination. A participant who transfers to another Division of the Company, or who terminates employment for the purpose of early or normal retirement from the Company, or who dies or becomes disabled, shall be eligible for incentive compensation at Plan Year end if he/she was an actual participant in the plan at the commencement of such Plan Year. The incentive bonus, when determined, pursuant to the provisions hereof shall be prorated (on a weekly basis) to reflect that portion of the Plan Year during which the participant was enrolled and participating in the Plan as a participant. Participants in this category will be treated in accordance with the following guidelines:

a. Transfers between Participating Divisions. Upon a participant's transfer between Participating Divisions, a pro rata share of the incentive bonus shall be contributed by each Participating Division if the participant has been designated as such in each Participating Division from the commencement of the Plan Year, or in the case of the successor Participating Division, from his/her commencement of employment with that successor Participating Division to Plan Year end.

b. Transfers between Participating Division and Non-Participating Division and Retirement, Death or Disability of Participating Executive. If a participant transfers from a Participating Division to a Non-Participating Division, a pro rata incentive bonus calculated on the basis of the number of weeks (a majority of the business days of a week to be considered a whole week) during the Plan Year the executive was a Participant in the Plan, divided by 52, will be awarded in the due course of the Plan's administration. The same formula shall be utilized for executives who transfer from a Non-Participating Division to a Participating Division. The same method of calculating an incentive bonus shall also be utilized in calculating incentive bonuses for participants who die, become disabled or who retire from the Company during the year. Any such incentive bonuses would be paid only in the normal course of administration of the Plan.

---

c. New Executive Employees. Upon recommendation of the Chief Personnel Officer or the Chief Executive Officer of a Division, whichever is applicable, and following approval thereof by the Chairman or Chief Executive Officer of the Company, a new executive employee who will have been employed by a Participating Division prior to the end of a Plan Year may be designated as a participant in the Plan, subject to the conditions of the Plan.

d. Termination Other Than Retirement, Death or Disability. A participant whose employment is terminated before a bonus is paid for any Plan Year for any reason other than retirement, death or disability, shall not be eligible for and shall not receive an incentive bonus for the subject Plan Year.

e. Promotion or Job Change. A participant who has a promotion and/or a job change during a Plan Year will have his/her incentive bonus calculated using each grade level separately. The score and grade level shall determine the bonus percentage and that percentage shall be applied to the Midpoint of Salary Range while in the grade level. The total incentive bonus will be the sum of the bonuses for each grade level.

f. Market Pricing Adjustment. A participant whose grade level is adjusted during the Plan Year due to a "market pricing adjustment" will have his/her bonuses calculated for the entire period using the adjusted grade. If Subsection 1.4(a), 1.4(b) or 1.4(e) are applicable to a participant, those sections shall also apply and this Subsection (f) shall be applicable to a participant only for the period to which the "market pricing adjustment" relates.

Article II—Definitions

2.1 "Bonus Matrix"

"Bonus Matrix" refers to the table that sets forth figures that indicate, with varying job grade level classifications, the percentage of incentive bonus attributable to each Personal Score and/or Performance Score in relationship to the participant's Midpoint of Salary Range. The Compensation Committee will approve a Bonus Matrix for each Performance Measure to which a participant is subject. A "Bonus Matrix" may be changed from time to time at the election of the Compensation Committee, but any change in a Bonus Matrix shall have prospective application only.

2.2 "Capital Charge"

"Capital Charge" is the cost of capital invested in the business operation, adjusted for the maturity of the assets employed by such business operation.

2.3 "Chairman"

"Chairman" shall at all times refer to the incumbent Chairman of the Board of Directors of Target Corporation.

2.4 "Company"

"Company" refers to Target Corporation and its subsidiaries.

2.5 "Compensation Committee"

"Compensation Committee" means that committee of the Board of Directors of the Company designated as such on February 3, 2002, or as it is thereafter designated while the Plan is in effect and if no such named committee shall be designated by the Board of Directors it shall mean the Committee of the Board most nearly performing the duties of the Compensation Committee as defined at the time of its elimination as a Board Committee.

2.6 "Covered Officer"

"Covered Officer" includes all participants whose compensation, in the Plan Year for which the bonus is calculated, is subject to the compensation expense deduction limitations set forth in Section 162(m) of the Internal Revenue Code of 1986, as amended.

2.7 "Division"

"Division" refers to an operating company, test strategy, staff group or other subdivision of the Company.

2.8 "Midpoint of Salary Range"

The "Midpoint of Salary Range" of a participant during the related incentive bonus Plan Year is the midpoint for his/her job grade as set forth in the salary range by job grade that is applicable.

2.9 "Non-Participating Divisions"

Divisions not participating in the Plan shall be referred to as "Non-Participating Divisions."

2.10 "Participating Divisions"

Divisions participating in the Plan shall be referred to as "Participating Divisions."

2.11 "Participants"

Executives participating in the Plan are referred to as "participants."

2.12 "Performance Measures"

The Performance Measures shall mean one or combination of two or more of the following performance-based metrics, as approved by the Compensation Committee for the participants (which approval shall be given within 90 days of the beginning of each Plan Year for Performance Measures applicable to Covered Officers); provided, however, that different Performance Measures may be approved for different participants during the same Plan Year.

- EVA (economic value added) which is PTSP after taxes less a Capital Charge.
- "PTSP" (pre-tax segment profit), which is FIFO gross margin dollars less operating expenses and other expenses plus other income. It excludes LIFO provision, interest and corporate expense.
- EPS (earnings per share).
- ROA (return on assets).
- ROE (return on equity).
- EBIT (earnings before interest and taxes).
- EBITDA (earnings before interest, taxes, depreciation and amortization).
- Gross margin rate.
- Expense rate.

2.13 "Performance Score"

The Performance Score is determined from a schedule that is approved by the Compensation Committee that gives a score for the level of performance achieved by the Division and/or Company with respect to a particular Performance Measure. The schedule may be modified by the Compensation Committee annually. If a participant is subject to one or more Performance Measures relating to one or more Divisions, his/her overall Performance Score shall be determined by a methodology approved by the Compensation Committee.

2.14 "Plan Year"

"Plan Year" shall be the applicable financial "Fiscal Year" of the Company.

2.15 "Retire" or "Retirement"

"Retire" or "Retirement" means a termination of employment pursuant to an arrangement contained in any formal private retirement plan or written agreement then in effect by the Company or any participating Division relative to the subject participant.

Article III—Division or Company Performance-Based Bonus

3.1 Compensation Policy and Intent of Company Performance-Based Bonuses

---

Incentive bonuses under this Article III are based on one or more Division and/or Company Performance Measures for the Fiscal Year.

3.2 Selection of Pooled or Non-Pooled

The Compensation Committee will determine whether Division and/or Company bonuses are to be pooled or non-pooled.

3.2.1 Non-Pooled

If the Compensation Committee approves non-pooled bonuses, incentive bonuses for each participant will be calculated by taking the participant's bonus percentage or percentages from each applicable Bonus Matrix, using his/her salary grade, and multiplying it or them by his/her Midpoint of Salary Range.

3.2.2 Pooled

If the Compensation Committee approves pooled bonuses, a bonus pool is calculated by multiplying the percentage from the Bonus Matrix using the Performance Score for each participant by the participant's Midpoint of Salary Range.

The incentive bonus for each participant will be based on a ratio of his/her bonus to all Performance-Based bonuses paid under this Plan. The percentage determined by that ratio will be multiplied by the bonus pool.

3.3 Minimum Score

No bonus will be payable to a participant under this Plan unless his/her personal score under the Personal Score provisions of this Plan is equal to or higher than the minimum set by the Division or the Compensation Committee.

3.4 Selection of Pooled or Non-Pooled

The Compensation Committee will determine whether a Division and/or Company is to be pooled or non-pooled.

Article IV—Personal Score Bonus

4.1 Compensation Policy and Intent of Plan

Incentive bonuses under this Article IV are based on a participant's individual accomplishments in his/her assigned job during the Plan Year.

4.2 Selection of Pooled or Non-Pooled

The Compensation Committee will determine whether Division and/or Company bonuses are to be pooled or non-pooled.

4.2.1 Non-Pooled

If the Compensation Committee approves non-pooled bonuses, incentive bonuses for each participant will be calculated by taking the participant's bonus percentage from the Personal Score Bonus Matrix, using his/her personal score above the specified minimum and job grade and multiplying it by his/her Midpoint of Salary Range.

4.2.2 Pooled

If the Compensation Committee approves pooled bonuses, a bonus pool is calculated by multiplying the percentage from the Personal Score Bonus Matrix using the personal score for each participant above the specified minimum by the participant's Midpoint of Salary Range.

The bonus for each participant will be based on a ratio of his/her bonus to do all bonuses paid under this Plan. The percentage determined by that ratio will be multiplied by the bonus pool.

Article V—Maximum Bonus

5.1 The maximum bonus payable under the Plan to any participant for any Plan Year is equal to 400% of that person's salary for the Plan Year during which the bonus was earned. If the participant held a different office or was not employed in his/her position for the full year covered by that Proxy Statement, the maximum bonus is 400% of the highest annualized salary rate paid to that person in such Plan Year. In addition, for purposes of calculating the maximum bonus payable to the CEO or any other Covered Officer, the salary of the participant may not exceed 200% of the salary earned by the Company's CEO for Fiscal 2001 as reported in its Proxy Statement covering that year. If it is necessary to reduce a bonus in order to comply with the limitation on the maximum aggregate bonus payable to a participant, then the reduction shall be applied first to the bonus payable under Article IV Personal Score Bonus and then, if necessary, to the bonus payable under Article III Division or Company Performance-Based Bonus.

Article VI—Payment

6.1 Payment of Bonus. Normally, the total incentive bonus for a Fiscal Year will be paid in cash as soon as administratively feasible after the amount of the incentive bonus has been computed. However, any participant who is a participant in a deferred compensation plan or arrangement of the Company, may have his/her incentive bonus deferred pursuant to that plan or arrangement.

Article VII—General

7.1 Beneficiary. Any incentive bonus payments which become distributable after the death of a participant shall be distributed as they become due to such person or persons, or other legal entity as the participant may have designated in writing delivered to the Company's or his/her Participating Division's personnel office on an approved form. The participant may, from time to time, revoke or change any such designation by writing delivered to such personnel office on an approved form. If there is no unrevoked designation on file with such personnel office at the participant's death, or if the person or persons designated therein shall have all predeceased the participant, such distributions shall be made to the participant's spouse, or in the absence of a spouse, to the participant's children, and if the participant has no spouse or children, to the participant's estate. If a participant has deferred his/her incentive bonus pursuant to a plan or arrangement with the Company, the plan or arrangement shall govern the beneficiary designation.

7.2 Administration and Interpretation of Plan (the "Plan Committee"). This Plan shall be interpreted by the Compensation Committee of the Company and its interpretations shall be final and binding on participants, Participating Divisions, and all other parties in interest.

The Plan shall be administered by the Compensation Committee. The Compensation Committee reserves the right, from time to time, to prescribe rules and regulations which are not inconsistent with the provisions of the Plan, and to modify or revoke such rules and regulations at such time and in such manner as it may deem proper. A copy of this Plan and all such rules and regulations will be supplied to each person participating in the Plan and a copy of the then current Plan shall be maintained in the Company's personnel office and at the personnel office of each Participating Division and shall be available, upon request, for review by any participant or his duly authorized agent. All persons in the Plan shall be bound by the terms of the Plan and of all rules and regulations pursuant thereto, all as now in effect or hereafter amended, promulgated or passed which shall likewise be maintained at the Company and each Participating Division personnel office.

7.3 Rights of Participants and Beneficiaries. The Plan is not an employment agreement and does not ensure or evidence to any degree the continued employment or the claim to continued employment of any participant for any time or period or job.

No participant or beneficiary shall, by virtue of this Plan, have any interest in any specific asset or assets of the Company or any Participating Division. A participant or beneficiary has only an unsecured contract right to receive cash payments in accordance with and at the times specified by the Plan.

No participant shall have the right or ability to assign, pledge, or otherwise dispose of any part of an incentive bonus hereunder (except as provided in Section 7.1 hereof).

7.4 Overview. It is specifically understood that the Chairman of the Board and Chief Executive Officer of the Company shall at all times retain the authority to veto or rescind any appointment or designation of an individual as a participant (except an Executive Officer) under this Plan but it is the intent of the Plan that such authority shall be exercised with restraint and only for circumstances deemed by said officer to be of importance for preserving the integrity of the Plan's policy and/or its performance.

7.5 Termination of Plan. This Plan may be amended or terminated at any time by the Board of Directors of the Company. Such amendment or termination, will not, without the participant's written consent, affect his/her incentive bonus or bonuses previously earned.

7.6 Miscellaneous Provisions

a. Headings. Headings at the beginning of sections hereof are for convenience of reference, shall not be considered a part of the text of the Plan, and shall not influence its construction.

b. Capitalized Definitions. Capitalized terms used in the Plan shall have their meaning as defined in the Plan unless the context clearly indicates to the contrary.

c. Gender. Any references to gender also include the opposite gender.

d. Use of Compounds of Word "Here." Use of the words "hereof," "herein," "hereunder," or similar compounds of the word "here" shall mean and refer to the entire Plan unless the context clearly indicates to the contrary.

e. Construed as a Whole. The provisions of the Plan shall be construed as a whole in such manner as to carry out the provisions thereof and shall not be construed separately without relation to the context.

f. Shareholder Approval. No bonuses, awards or other compensation will be granted or paid pursuant to Article III of the Plan unless and until the Plan is approved by the affirmative vote of a majority of the voting power of the shares present and entitled to vote at a meeting of the Company's shareholders.

QuickLinks

Article I—Background

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 2, 2002	**Feb 3, 2001**	**Jan. 29, 2000**	**Jan. 30, 1999**	**Jan. 31, 1998**
Ratio of Earnings to Fixed Charges:					
Earnings:					
Consolidated net earnings before extraordinary charges	**$ 1,374**	$ 1,264	$ 1,185	$ 962	$ 802
Income taxes	**842**	789	751	594	524
Total earnings before extraordinary charges	**2,216**	2,053	1,936	1,556	1,326
Fixed charges:					
Interest expense	**510**	467	415	421	437
Interest portion of rental expense	**68**	77	69	63	59
Total fixed charges	**578**	544	484	484	496
Less:					
Capitalized interest	**(33)**	(31)	(16)	(16)	(16)
Fixed charges in earnings	**545**	513	468	468	480
Earnings available for fixed charges	**$ 2,761**	$ 2,566	$ 2,404	$ 2,024	$ 1,806
Ratio of earnings before extraordinary charges to fixed charges	**4.78**	4.72	4.96	4.18	3.65
Ratio of Earnings to Fixed Charges and Preferred Stock Dividends:					
Total fixed charges, as above	**$ 578**	$ 544	$ 484	$ 484	$ 496
Dividends on preferred stock (pre-tax basis)	**—**	—	29	32	35
Total fixed charges and preferred stock dividends	**578**	544	513	516	531
Earnings available for fixed charges and preferred stock dividends	**$ 2,761**	$ 2,566	$ 2,404	$ 2,024	$ 1,806
Ratio of earnings before extraordinary charges to fixed charges and preferred stock dividends	**4.78**	4.72	4.69	3.92	3.40

QuickLinks -- Click here to rapidly navigate through this document

[MAP OF UNITED STATES]

presence+potential

As Target continues to open traditional discount stores and SuperTarget stores throughout the continental United States, we steadily increase our overall penetration. By maintaining our discipline and adding square footage consistent with our historical growth rate of 8 to 10 percent annually, we expect to further expand our presence in key markets and regions and deliver profitable growth to our shareholders well into the future.

Year-end 2001 Store Count and Square Footage by State

Density Group	Sq. Ft. per Thousand Population	No. of Stores	Retail Sq. Ft. (in thousands)
Minnesota	1,485	59	7,366
Iowa	811	19	2,383
North Dakota	786	4	505
Arizona	744	34	3,901
Nebraska	733	10	1,263
Montana	701	6	638
Nevada	692	12	1,424
Colorado	691	25	3,023
Indiana	623	34	3,815
Wisconsin	596	28	3,218
Group 1 total	**801**	**231**	**27,536**
Utah	574	8	1,304
Michigan	550	50	5,493
California	543	159	18,555
Texas	539	95	11,402
Washington	527	28	3,147
South Dakota	517	4	393
Illinois	506	53	6,329
Florida	504	69	8,177
Maryland	496	22	2,645
Georgia	485	33	4,034
Group 2 total	**527**	**521**	**61,479**
Kansas	475	10	1,285
New Mexico	473	8	871
Virginia	442	26	3,157
Missouri	416	20	2,346
Idaho	407	5	536
Ohio	391	38	4,457
Wyoming	370	2	184
Tennessee	363	19	2,091
Oregon	346	11	1,199
Delaware	337	2	267
Group 3 total	**404**	**141**	**16,393**
North Carolina	328	24	2,677
New Hampshire	319	3	397
Kentucky	315	12	1,280
New Jersey	311	21	2,634
South Carolina	295	10	1,197
Oklahoma	242	8	840
Alabama	237	7	1,064
Pennsylvania	236	23	2,902
Massachusetts	228	11	1,454
Connecticut	190	5	648
Group 4 total	**269**	**124**	**15,093**
New York	173	25	3,294
Louisiana	125	4	563
Rhode Island	122	1	128
Maine	98	1	125
Arkansas	85	2	229
Mississippi	83	2	239
West Virginia	68	1	124
Vermont	0	0	0
Group 5 total	**139**	**36**	**4,702**
Total	**445**	**1,053**	**125,203**

management's discussion and analysis

analysis of operations

[Graph]

Diluted Earnings per share

'97	'98	'99	'00	'01
$ .80	$ .99	$ 1.23	$ 1.38	$ 1.50

Earnings

Our net earnings were $1,368 million in 2001, compared with $1,264 million in 2000 and $1,144 million in 1999. Earnings per share were $1.50 in 2001, $1.38 in 2000 and $1.23 in 1999. 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.

Earnings Analysis
(millions)

	2001	2000	1999
Net earnings before unusual items	**$ 1,416**	$ 1,264	$ 1,188
Unusual items, after tax	**(42)**	—	(3)
Net earnings before extraordinary items	**1,374**	1,264	1,185
Extraordinary items—debt repurchase	**(6)**	—	(41)
Net earnings	**$ 1,368**	$ 1,264	$ 1,144

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 accounting principles generally accepted in the United States (GAAP).

The $42 million after-tax ($.05 per share) unusual item in 2001 relates to the required adoption of a new accounting standard applicable to securitized accounts receivable (discussed in detail under Accounting for Accounts Receivable on page 19). The $3 million after-tax (less than $.01 per share) unusual item in 1999 relates to our mainframe outsourcing.

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

[Graph]

Revenues
(millions)

'97	'98	'99	'00	'01
$ 27,487	$ 30,662	$ 33,702	$ 36,903	$ 39,888

Revenues and Comparable-store Sales

In 2001, total revenues increased 9.7 percent and comparable-store sales increased 2.7 percent, both on a 52-week basis (since 2000 was a 53-week year, the first week is removed for comparability). Total revenues include retail sales and net credit revenues. Comparable-store sales are sales from stores open longer than one year. Revenue growth in 2001 and 2000 reflected Target's new store expansion, our overall comparable-store sales growth and growth in our credit card 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
(52-week basis)

	2001		2000	
	Revenues	Comparable-Store Sales	Revenues	Comparable-Store Sales
Target	**13.1%**	**4.1%**	10.5%	3.4%
Mervyn's	**(1.7)**	**(1.5)**	0.2	0.3
Marshall Field's	**(4.8)**	**(5.7)**	(3.3)	(4.0)
Total	**9.7%**	**2.7%**	7.9%	2.4%

Revenues per Square Foot*
(52-week basis)

	2001	2000	1999
Target	**$ 274**	$ 268	$ 264
Mervyn's	**188**	190	189
Marshall Field's	**194**	210	220

* Thirteen-month average retail square feet.

Gross Margin Rate

The gross margin rate represents gross margin (sales less cost of sales) as a percent of sales. In 2001, our gross margin rate was essentially even with the prior year, benefiting from improvement at both Target and Mervyn's, offset by unfavorable performance at Marshall Field's and the mix impact of growth at Target, our lowest gross margin rate division. In 2000, our gross margin rate decreased primarily due to the mix impact of growth at Target.

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 sales. Operating expense excludes depreciation and amortization and expenses associated with our credit card operations, which are separately reflected on our Consolidated Results of Operations. In 2001, our operating expense rate improved, principally benefiting from the overall growth of Target, our lowest expense rate division. The operating expense rate in 2000 was essentially even with 1999.

Pre-tax Segment Profit

Pre-tax segment profit increased 11 percent in 2001 to $2,965 million, compared with $2,682 million in 2000 and $2,523 million in 1999. The increase was driven by growth at Target, which delivered 86 percent of consolidated pre-tax segment profit. Mervyn's also experienced an increase in pre-tax segment profit, while Marshall Field's experienced a decline compared to last year. Target's full-year profit margin increased to 7.8 percent of revenues in 2001 from 7.6 percent in 2000. We define pre-tax segment profit as earnings before LIFO, securitization effects, interest, other expense and unusual items. A reconciliation of pre-tax segment profit to pre-tax earnings is provided in the Notes to Consolidated Financial Statements on page 35. Our segment disclosures may not be consistent with disclosures of other companies in the same line of business.

Pre-tax Segment Profit and as a Percent of Revenues

(millions)	Pre-tax Segment Profit 2001	Pre-tax Segment Profit 2000	As a Percent of Revenues 2001	As a Percent of Revenues 2000
Target	**$ 2,546**	$ 2,223	**7.8%**	7.6%
Mervyn's	**286**	269	**7.1**	6.5
Marshall Field's	**133**	190	**4.7**	6.3
Total	**$ 2,965**	$ 2,682	**7.5%**	7.4%
Net earnings before extraordinary items	**$ 1,374**	$ 1,264		

EBITDA

We provide the following EBITDA information derived from our financial statements because we believe it provides a meaningful aid to analysis of our performance by segment. We define segment EBITDA as pre-tax segment profit before depreciation and amortization expense. This presentation is not intended to be a substitute for GAAP required measures of profitability and cash flow. A reconciliation of pre-tax segment profit to pre-tax earnings is provided in the Notes to Consolidated Financial Statements on page 35. Our definition of EBITDA may differ from definitions used by other companies.

EBITDA and as a Percent of Revenues

(millions)	EBITDA 2001	EBITDA 2000	As a Percent of Revenues 2001	As a Percent of Revenues 2000
Target	**$ 3,330**	$ 2,883	**10.2%**	9.8%
Mervyn's	**412**	400	**10.2**	9.6
Marshall Field's	**268**	323	**9.5**	10.7
Total segment EBITDA	**$ 4,010**	$ 3,606	**10.2%**	9.9%
Segment depreciation and amortization	**(1,045)**	(924)		
Pre-tax segment profit	**$ 2,965**	$ 2,682		
Cash flows provided by/(used for):				
Operating activities	**$ 1,992**	$ 2,122		
Investing activities	**(3,310)**	(2,692)		
Financing activities	**1,461**	706		
Net increase in cash and cash equivalents	**$ 143**	$ 136		

Interest Expense

In 2001, the total of interest expense and interest equivalent was $491 million, $16 million higher than in 2000. For analytical purposes, the amounts that represented payments accrued to holders of sold securitized receivables prior to August 22, 2001 (discussed in detail under Accounting for Accounts Receivable on page 19) are considered as "interest equivalent." After this date such payments constitute interest expense. In 2001, the increase in interest expense and interest equivalent was due to higher average funded balances partially offset by a considerably lower average portfolio interest rate and the impact of one less week than in 2000. The average portfolio interest rate in 2001 was 6.4 percent, compared with 7.4 percent in 2000 and 7.5 percent in 1999. In 2000, the total of interest expense and interest equivalent was $33 million higher than 1999 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.

During 2001, we repurchased $144 million of debt resulting in an after-tax extraordinary charge of $6 million ($.01 per share). The debt repurchased had a weighted-average interest rate of 9.2 percent and an average remaining life of 7 years. In 2000 and 1999, we repurchased $35 million and $381 million of long-term debt, respectively, resulting in after-tax extraordinary charges of $3 million (less than $.01 per share) and $41 million ($.04 per share), respectively. Also 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).

Income Tax Rate

The effective income tax rate was 38.0 percent, 38.4 percent and 38.8 percent in 2001, 2000 and 1999, respectively. The tax provision includes estimates for certain unresolved matters in dispute with state and federal tax authorities.

Accounting for Accounts Receivable

On August 22, 2001, Target Receivables Corporation (TRC) sold, through the Target Credit Card Master Trust (the Trust), $750 million of receivable-backed securities to the public. This was the fourth such transaction executed over the past several years. This method of funding represents a cost-effective means of financing our accounts receivable (as of year-end, the annualized floating interest rate applicable to the 2001 transaction was 1.9 percent). Prior to this August 22, 2001 transaction, the accounting guidance applicable to our earlier receivable-backed securities transactions was SFAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," resulting in sale accounting treatment. Concurrent with our August 22, 2001 issuance of receivable-backed securities, SFAS No. 140 (which replaced SFAS No. 125 in its entirety) became the accounting guidance applicable to such transactions. Application of SFAS No. 140 resulted in secured financing accounting for both this most recent transaction and for the two prior transactions that remain outstanding. This new accounting treatment results from the fact that the Trust is not a qualifying special purpose entity under SFAS No. 140. While this new accounting requires secured financing treatment of the securities issued by the Trust on our consolidated financial statements, the assets within the Trust are still considered sold to our wholly owned, bankruptcy remote subsidiary, TRC, and are not available to general creditors of the Corporation.

Beginning on August 22, 2001, our consolidated financial statements reflected the following accounting changes. First, we reflected the obligation to holders of the $800 million (face value) of previously sold receivable-backed securities (Series 1997-1 and 1998-1, Class A Certificates) as debt of TRC, and we recorded the receivables at fair value in place of the previously recorded retained interests related to the sold securities. This resulted in an unusual pre-tax charge of $67 million ($.05 per share). Next, we reclassified the owned receivable-backed securities to accounts receivable at fair value. This reclassification had no impact on our Consolidated Statements of Operations because we had previously recorded permanent impairments to our portfolio of owned receivable-backed securities in amounts equal to the difference between face value and fair value of the underlying receivables.

Our Consolidated Results of Operations do not include finance charge revenues or loss provision related to the publicly held receivable-backed securities until August 22, 2001. Payments accrued to holders of our publicly held receivable-backed securities prior to August 22, 2001 are included in our pre-tax earnings reconciliation on page 35 as interest equivalent. Interest equivalent was $27 million in 2001, $50 million in 2000 and $49 million in 1999.

Fourth Quarter Results

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

Fourth quarter 2001 net earnings were $658 million, compared with $552 million in 2000. Earnings per share were $.72 for the quarter, compared with $.61 in 2000. Total revenues increased 7.4 percent and 13-week comparable-store sales increased 4.6 percent. Our pre-tax segment profit increased 18 percent to $1,272 million, driven by results at Target and Mervyn's.

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

(millions)		2001			2000	
Target	$	**1,078**	**21%**	$	892	10%
Mervyn's		**131**	**21**		108	58
Marshall Field's		**63**	**(20)**		79	(34)
Total	$	**1,272**	**18%**	$	1,079	8%
Net earnings before extraordinary items	$	**663**	**20%**	$	552	6%

Significant Accounting Policies

Revenues Revenue from retail sales is recognized at the time of sale. Commissions earned on sales generated by leased departments are included within sales. Net credit revenues are comprised of finance charges and late fees on credit sales and third-party merchant fees earned from the use of our Target Visa credit card.

Cost of sales Cost of sales includes the cost of merchandise sold calculated utilizing the retail inventory accounting method. It includes estimates of shortage that are adjusted upon physical inventory counts in subsequent periods and estimates of amounts due from vendors for certain merchandise allowances and rebates. These estimates are consistent with our historical experience. It also includes a LIFO provision that is calculated based on inventory levels, markup rates and internally generated retail price indices.

Selling, general and administrative expense Selling, general and administrative expense includes expenses related to store operation, distribution, advertisement and administration. It also includes estimates for the present value cost of workers' compensation and general liability claims.

Credit expense Credit expense includes expenses related to operating, marketing and managing our credit card portfolio. It includes charges to adjust our accounts receivable to net realizable value. The allowance for doubtful accounts is estimated from historical portfolio performance and projections of trends.

analysis of financial condition

Our financial condition remains strong. Cash flow from operations was $1,992 million, driven by net income before depreciation expense. Internally generated cash, along with our ability to access a variety of financial markets, provides capital for our expansion plans. We expect to continue to fund the growth in our business through a combination of internally generated funds and debt.

[Graph]

Cash Flow from Operations
(millions)

'97	'98	'99	'00	'01
$ 1,645	$ 1,929	$ 2,465	$ 2,122	$ 1,992

During 2001, our total gross year-end receivables serviced (which includes all securitized receivables) increased 41 percent, or $1,187 million, to $4,092 million. The growth in year-end receivables serviced was driven by the national roll-out of the Target Visa credit card in the third quarter of 2001. Average total receivables serviced increased 16 percent from last year.

During 2001, inventory levels increased $201 million, or 4.7 percent. This growth was more than fully funded by the $584 million increase in accounts payable over the same period.

[Graph]

Capital Expenditures
(millions)

'97	'98	'99	'00	'01
$ 1,354	$ 1,657	$ 1,918	$ 2,528	$ 3,163

Capital expenditures were $3,163 million in 2001, compared with $2,528 million in 2000. Investment in Target accounted for 92 percent of 2001 capital expenditures. Net property and equipment increased $2,115 million. 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 71 percent of total expenditures in 2001 was for new stores, expansions and remodels.

Number of Stores

	February 3, 2001	Opened	Closed	February 2, 2002
Target	977	93	17	1,053
Mervyn's	266	—	2	264
Marshall Field's	64	—	—	64
Total	1,307	93	19	1,381

Other capital investments were for information system hardware and software, distribution capacity 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. Since the inception of our share repurchase program, we have repurchased a total of 40.5 million shares of our common stock at a total cost of $1,186 million ($29.29 per share), net of the premium from exercised and expired put options. In 2001, common stock repurchases were curtailed. Consequently, common stock repurchases did not have a material impact on our 2001 earnings and financial position.

A key to our access to liquidity and capital markets is maintaining strong investment-grade debt ratings. During 2001, our long-term debt rating was upgraded by Standard and Poor's. Further liquidity is provided by $1.9 billion of committed lines of credit obtained through a group of 29 banks. No debt instrument contains provisions requiring acceleration of payment upon a debt rating downgrade.

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

Commitments and Contingencies

At February 2, 2002, our contractual obligations include notes payable, notes and debentures of $8,840 million (discussed in detail under Long-term Debt and Notes Payable on page 31 of the Notes to Consolidated Financial Statements) and the present value of capital and operating lease obligations of $153 million and $788 million, respectively (discussed in detail under Leases on page 32 of the Notes to Consolidated Financial Statements). In addition, commitments for the purchase, construction, lease or remodeling of real estate, facilities and equipment were approximately $729 million at year-end 2001.

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.

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 (including reinvested dividends) over the last five years averaged 37 percent annually, returning about $480 for each $100 invested in our stock at the beginning of this period.

[Graph]

Total Annualized Return

	Target	S&P 500	S&P Retail
5 year	37%	9%	24%
10 year	25%	13%	16%

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 that the after-tax cost of capital for our retail operations is approximately 9 percent, while our credit card operations' after-tax cost of capital is approximately 5 percent as a result of their ability to support higher debt levels. We expect to continue 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 have grown at a compound annual rate of 21 percent over the last five years.

We ended 2001 with a retail debt ratio of 43 percent. In evaluating our debt level, we separate retail operations from credit card operations due to their inherently different financial characteristics. We view the appropriate capitalization of our credit card operations to be 88 percent debt and 12 percent equity, similar to ratios of comparable credit card businesses.

Debt Ratios and Interest Coverage

	2001	2000	1999
Retail	**43%**	44%	40%
Credit	**88%**	88%	88%
Total debt ratio	**52%**	52%	49%

Interest coverage	**4.7x**	4.4x	4.6x

Debt ratios and interest coverage include the impact of any publicly held receivable-backed securities and off-balance sheet operating leases as if they were debt. Debt ratios represent the ratio of debt and debt equivalents to total capitalization, including debt, other long-term deferred items and equity. 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)

	'99	'00	'01
debt	$ 4,334	$ 5,611	$ 6,314
total	$ 10,795	$ 12,828	$ 14,853

Credit Capitalization
(millions)

	'99	'00	'01
debt	$ 2,281	$ 2,480	$ 3,467
total	$ 2,592	$ 2,818	$ 3,939

Credit Operations

We offer credit to qualified guests in each of our business segments. These credit card programs strategically support our core retail operations and are an integral component of each business segment. In addition to our store-brand credit card programs which have been offered for many years, we began a national roll-out of the Target Visa credit card during 2001. Our credit card products support earnings growth by driving sales at our stores and through growth in credit financial performance. Credit performance, shown in the following tables, reflects each business segment's credit operation's contribution to pre-tax segment profit (which is before funding costs) on an accounts receivable serviced basis.

The revenue from serviced accounts receivable represents revenues derived from finance charges, late fees and other revenues. Merchant fees (intracompany) are 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. Merchant fees (third-party) are fees paid by third parties that have accepted the Target Visa credit card, and are included in net credit revenues. Operations and marketing expenses include costs associated with the opening, retention and servicing of accounts.

[Graph]

Credit Portfolio Yield

'97	'98	'99	'00	'01
12.5%	14.0%	15.4%	15.4%	14.7%

Average Receivables Serviced
(millions)

	'97	'98	'99	'00	'01
Target Visa	$ —	$ —	$ —	$ 13	$ 400
Target Guest Card	644	803	974	1,169	1,218
Mervyn's	812	764	718	697	673
Marshall Fields	707	720	719	725	725

In 2001, pre-tax contribution from credit card operations increased 11 percent over the prior year, compared with growth in average receivables serviced of 16 percent. The increase in pre-tax contribution reflects continued growth of the portfolio, mainly at Target. The yield on our credit portfolio (pre-tax credit contribution divided by total average receivables serviced) was 14.7% in 2001, compared to 15.4% in 2000.

Credit Contribution to Segment Profit

(millions)	2001	2000	1999
Revenues:			
Finance charges, late fees and other revenues	**$ 779**	$ 653	$ 609
Merchant fees			

Intracompany	**102**	99	90
Third-party	**18**	1	—
Total revenues	**899**	753	699
Expenses:			
Bad debt	**230**	148	147
Operations and marketing	**224**	205	182
Total expenses	**454**	353	329
Pre-tax credit contribution	**$ 445**	$ 400	$ 370

Receivables Serviced

(millions)	2001	2000	1999
Target			
Guest Card	**$ 1,063**	$ 1,325	$ 1,160
Target Visa	**1,567**	76	—
Mervyn's	**706**	735	753
Marshall Field's	**756**	769	768
Total year-end receivables serviced*	**$ 4,092**	$ 2,905	$ 2,681
Past due**	**4.9%**	6.1%	6.7%
Total average receivables serviced	**$ 3,016**	$ 2,604	$ 2,411

* At year-end 2001, 2000 and 1999, balance includes $1,550 million, $800 million and $800 million, respectively, of publicly held receivable-backed securities (discussed in detail under Accounting for Accounts Receivable on page 19).

** 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)	2001	2000	1999
Allowance at beginning of year	**$ 211**	$ 203	$ 203
Bad debt provision	**230**	148	147
Net write-offs	**(180)**	(140)	(147)
Allowance at end of year	**$ 261**	$ 211	$ 203
As a percent of year-end receivables serviced	**6.4%**	7.3%	7.6%
As a multiple of current year net write-offs	**1.5x**	1.5x	1.4x

Fiscal Year 2002

As we look forward into 2002, we believe that we will deliver another year of strong growth in revenues and earnings driven by increases in comparable-store sales and contributions from new store growth at Target, as well as by continued growth in contribution from our credit card operations, primarily through the Target Visa credit card. For the Corporation overall, gross margin rate and operating expense rate are expected to remain essentially even with 2001.

In 2002, we expect to reinvest $3.3 to $3.5 billion, mostly in new square footage for Target stores, and the distribution infrastructure and systems to support this growth. Our 2002 store opening program reflects net square footage growth of approximately 12 percent or about 95 net new stores. We expect this incremental growth to include at least 30 SuperTargets, comprising about 40 percent of the net increase in square footage. Funding sources for the growth of our business include internally generated funds and debt.

Interest expense is expected to be considerably higher than interest expense and interest equivalent in 2001 due to higher average funded balances to support expansion of Target stores and credit card receivables.

Our effective income tax rate in 2002 is expected to again 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, the outbreak of war and other significant national and international events, and other risks and uncertainties. As a result, while we believe that there is a reasonable basis for the forward-looking statements, you should not place undue reliance on those statements. You are encouraged to review Exhibit (99)C attached to our Form 10-K Report for the year ended February 2, 2002, which contains additional important factors that may cause actual results to differ materially from those projected 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	9,622	124	Oregon	553	7
Texas	3,347	42	Louisiana	449	6
Washington	1,277	14	Nevada	422	6
Arizona	1,203	15	Oklahoma	269	3
Michigan	1,165	15	New Mexico	267	3
Minnesota	1,160	9	Idaho	82	1
Colorado	855	11			
Utah	754	8	**Total**	**21,425**	**264**

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	4,825	21	North Dakota	295	3
Illinois	4,690	17	Indiana	244	2
Minnesota	3,067	12	South Dakota	100	1
Wisconsin	817	5			
Ohio	600	3	**Total**	**14,638**	**64**

consolidated results of operations

(millions, except per share data)	2001	2000	1999
Sales	**$ 39,176**	$ 36,362	$ 33,212
Net credit revenues	**712**	541	490
Total revenues	**39,888**	36,903	33,702
Cost of sales	**27,246**	25,295	23,029
Selling, general and administrative expense	**8,420**	7,900	7,231
Credit expense	**463**	290	259
Depreciation and amortization	**1,079**	940	854
Interest expense	**464**	425	393
Earnings before income taxes and extraordinary items	**2,216**	2,053	1,936
Provision for income taxes	**842**	789	751
Net earnings before extraordinary items	**1,374**	1,264	1,185
Extraordinary charges from purchase and redemption of debt, net of tax	**(6)**	—	(41)
Net earnings	**$ 1,368**	$ 1,264	$ 1,144
Earnings before extraordinary items	**$ 1.52**	$ 1.40	$ 1.32
Extraordinary items	**(.01)**	—	(.04)
Basic earnings per share	**$ 1.52**	$ 1.40	$ 1.28

Earnings before extraordinary items	**$**	**1.51**	$	1.38	$	1.27
Extraordinary items		**(.01)**		—		(.04)
Diluted earnings per share	**$**	**1.50**	$	1.38	$	1.23
Weighted average common shares outstanding:						
Basic		**901.5**		903.5		882.6
Diluted		**909.8**		913.0		931.3

See Notes to Consolidated Financial Statements throughout pages 28-36.

consolidated statements of financial position

(millions)		February 2, 2002		February 3, 2001
Assets				
Cash and cash equivalents	**$**	**499**	$	356
Accounts receivable (net of $261 million allowance)		**3,831**		—
Receivable-backed securities		**—**		1,941
Inventory		**4,449**		4,248
Other		**869**		759
Total current assets		**9,648**		7,304
Property and equipment				
Land		**2,833**		2,467
Buildings and improvements		**10,103**		8,596
Fixtures and equipment		**4,290**		3,848
Construction-in-progress		**1,216**		848
Accumulated depreciation		**(4,909)**		(4,341)
Property and equipment, net		**13,533**		11,418
Other		**973**		768
Total assets	**$**	**24,154**	$	19,490
Liabilities and shareholders' investment				
Accounts payable	**$**	**4,160**	$	3,576
Accrued liabilities		**1,566**		1,507
Income taxes payable		**423**		361
Current portion of long-term debt and notes payable		**905**		857
Total current liabilities		**7,054**		6,301
Long-term debt		**8,088**		5,634
Deferred income taxes and other		**1,152**		1,036
Shareholders' investment				
Common stock		**75**		75
Additional paid-in-capital		**1,098**		902
Retained earnings		**6,687**		5,542
Total shareholders' investment		**7,860**		6,519
Total liabilities and shareholders' investment	**$**	**24,154**	$	19,490

See Notes to Consolidated Financial Statements throughout pages 28-36.

consolidated statements of cash flows

(millions)	2001	2000	1999
Operating activities			

Net earnings before extraordinary items	**$ 1,374**	$ 1,264	$ 1,185
Reconciliation to cash flow:			
Depreciation and amortization	**1,079**	940	854
Deferred tax provision	**49**	1	75
Other noncash items affecting earnings	**211**	237	163
Changes in operating accounts providing/(requiring) cash:			
Accounts receivable	**(963)**	—	—
Inventory	**(201)**	(450)	(323)
Other current assets	**(91)**	(9)	(54)
Other assets	**(207)**	13	(65)
Accounts payable	**584**	62	364
Accrued liabilities	**29**	(23)	100
Income taxes payable	**128**	87	166
Cash flow provided by operations	**1,992**	2,122	2,465
Investing activities			
Expenditures for property and equipment	**(3,163)**	(2,528)	(1,918)
Increase in receivable-backed securities	**(174)**	(217)	(184)
Proceeds from disposals of property and equipment	**32**	57	126
Other	**(5)**	(4)	(15)
Cash flow required for investing activities	**(3,310)**	(2,692)	(1,991)
Net financing (requirements)/sources	**(1,318)**	(570)	474
Financing activities			
(Decrease)/increase in notes payable, net	**(808)**	245	564
Additions to long-term debt	**3,250**	2,000	285
Reductions of long-term debt	**(802)**	(806)	(600)
Dividends paid	**(203)**	(190)	(195)
Repurchase of stock	**(20)**	(585)	(581)
Other	**44**	42	18
Cash flow provided by/(used for) financing activities	**1,461**	706	(509)
Net increase/(decrease) in cash and cash equivalents	**143**	136	(35)
Cash and cash equivalents at beginning of year	**356**	220	255
Cash and cash equivalents at end of year	**$ 499**	$ 356	$ 220

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 $666 million, $700 million and $575 million during 2001, 2000 and 1999, respectively. Cash paid for interest (including interest capitalized) was $446 million, $420 million and $405 million during 2001, 2000 and 1999, respectively.

See Notes to Consolidated Financial Statements throughout pages 28-36.

consolidated statements of shareholders' investment

(millions, except footnotes)	Common Stock Shares	Convertible Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Total
January 30, 1999	883.6	$ 268	$ 74	$ 286	$ 4,683	$ 5,311
Consolidated net earnings	—	—	—	—	1,144	1,144
Dividends declared	—	—	—	—	(191)	(191)
Repurchase of stock	(18.8)	—	(1)	—	(580)	(581)
Issuance of stock for ESOP	2.5	—	—	81	—	81
Conversion of preferred stock	40.6	(268)	3	289	—	24
Stock options and awards:						
Tax benefit	—	—	—	29	—	29
Proceeds received, net	3.8	—	—	45	—	45
January 29, 2000	911.7	—	76	730	5,056	5,862
Consolidated net earnings	—	—	—	—	1,264	1,264
Dividends declared	—	—	—	—	(194)	(194)

Repurchase of stock	(21.2)	—	(1)	—	(584)	(585)
Issuance of stock for ESOP	2.4	—	—	86	—	86
Stock options and awards:						
Tax benefit	—	—	—	44	—	44
Proceeds received, net	4.9	—	—	42	—	42
February 3, 2001	897.8	—	75	902	5,542	6,519
Consolidated net earnings	—	—	—	—	1,368	1,368
Dividends declared	—	—	—	—	(203)	(203)
Repurchase of stock	(.5)	—	—	—	(20)	(20)
Issuance of stock for ESOP	2.6	—	—	89	—	89
Stock options and awards:						
Tax benefit	—	—	—	63	—	63
Proceeds received, net	5.3	—	—	44	—	44
February 2, 2002	**905.2**	**$ —**	**$ 75**	**$ 1,098**	**$ 6,687**	**$ 7,860**

Common Stock Authorized 6,000,000,000 shares, $.0833 par value; 905,164,702 shares issued and outstanding at February 2, 2002; 897,763,244 shares issued and outstanding at February 3, 2001.

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 2001, common stock repurchases under our program were curtailed. Our common stock repurchases are recorded net of the premium received from put options. Repurchases are made primarily in open market transactions, subject to market conditions.

Our common stock repurchase program has included the sale of put options that entitle the holder to sell shares of our common stock to us, at a specified price, if the holder exercises the option. No put options were sold during or outstanding at the end of 2001. During 2000 and 1999, we sold put options on 9.5 million shares in each year. 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, respectively.

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 2, 2002, February 3, 2001 or January 29, 2000. In January 2000, each outstanding 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 2001, 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 $125.00, subject to adjustment. The rights will be exercisable only if a person or group acquires ownership of 20 percent or more of our common stock or announces a tender offer to acquire 30 percent or more of our common stock.

See Notes to Consolidated Financial Statements throughout pages 28-36.

notes to consolidated financial statements

Summary of Accounting Policies

Organization Target Corporation (formerly Dayton Hudson Corporation) is a general merchandise retailer, comprised of three operating segments: Target, Mervyn's and Marshall Field's. Target, an upscale discount chain located in 47 states, contributed 82 percent of our 2001 total revenues. Mervyn's, a middle-market promotional department store located in 14 states in the West, South and Midwest, contributed 10 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 7 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 accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results may differ from those estimates.

Fiscal Year Our fiscal year ends on the Saturday nearest January 31. Unless otherwise stated, references to years in this report relate to fiscal years rather than to calendar years. Fiscal years 2001 and 1999 each consisted of 52 weeks. Fiscal year 2000 consisted of 53 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. Commissions earned on sales generated by leased departments are included within sales and were $37 million in 2001, $33 million in 2000 and $31 million in 1999. Net credit revenues are comprised of finance charges and late fees on credit sales and third-party merchant fees earned from the use of our Target Visa credit card. Net credit revenues are net of the effect of publicly held receivable-backed securities prior to August 22, 2001. Internal credit sales were $5.6 billion, $5.5 billion and $5.0 billion in 2001, 2000 and 1999, respectively.

Advertising Costs

Advertising costs, included in selling, general and administrative expense, are expensed as incurred and were $924 million, $824 million and $791 million for 2001, 2000 and 1999, respectively.

Mainframe Outsourcing

During 1999, we completed the transition to outsourcing our mainframe computer data center functions and expensed an additional $5 million (less than $.01 per share) related to the outsourcing. This expense is included in selling, general and administrative expense.

Earnings per Share

Basic EPS is net earnings 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. References herein to earnings per share refer to Diluted EPS.

In January 2000, each outstanding Employee Stock Ownership Plan (ESOP) preferred share was converted into 120 shares of our common stock. These shares are now included within weighted average common shares outstanding. Prior to 2000, Basic EPS included an adjustment for dividend requirements on the ESOP preferred shares. Also prior to 2000, Diluted EPS assumed conversion of the ESOP preferred shares into common shares and replacement of the ESOP preferred dividends with common stock dividends.

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

	Basic EPS			Diluted EPS		
(millions, except per share data)	**2001**	**2000**	**1999**	**2001**	**2000**	**1999**
Net earnings*	**$ 1,374**	$ 1,264	$ 1,185	**$ 1,374**	$ 1,264	$ 1,185
Less: ESOP net earnings adjustment	**—**	—	(18)	**—**	—	(4)
Adjusted net earnings*	**$ 1,374**	$ 1,264	$ 1,167	**$ 1,374**	$ 1,264	$ 1,181
Weighted average common shares outstanding	**901.5**	903.5	882.6	**901.5**	903.5	882.6
Performance shares	**—**	—	—	**—**	—	.1
Stock options	**—**	—	—	**8.3**	9.3	11.6
Put warrants	**—**	—	—	**—**	.2	.1
Assumed conversion of ESOP preferred shares	**—**	—	—	**—**	—	36.9
Total common equivalent shares outstanding	**901.5**	903.5	882.6	**909.8**	913.0	931.3
Earnings per share*	**$ 1.52**	$ 1.40	$ 1.32	**$ 1.51**	$ 1.38	$ 1.27

* Before extraordinary items.

Cash Equivalents

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

Accounts Receivable

Through our special purpose subsidiary, Target Receivables Corporation (TRC), we transfer, on an ongoing basis, substantially all of our receivables to the Target Credit Card Master Trust (the Trust) in return for certificates representing undivided interests in the Trust's assets. TRC owns the undivided interest in the Trust's assets, other than the assets used to secure the securities issued by the Trust as 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 the receivables. The undivided interests held by TRC and RNB and the related income and expenses were reflected in each operating segment's assets and operating results based on the origin of the credit card giving rise to the receivable. On August 22, 2001, TRC sold, through the Trust, $750 million of receivable-backed securities to the public. This was the fourth such transaction executed over the past several years. Prior to this August 22, 2001 transaction, the accounting guidance applicable to our earlier receivable-backed securities transactions was SFAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," resulting in sale accounting treatment. Concurrent with our August 22, 2001 issuance of receivable-backed securities, SFAS No. 140 (which replaced SFAS No. 125 in its entirety) became the accounting guidance applicable to such transactions. Application of SFAS No. 140 resulted in secured financing accounting for both this most recent transaction and for the two prior transactions that remain outstanding. This new accounting treatment results from the fact that the Trust is not a qualifying special purpose entity under SFAS No. 140. While this new accounting requires secured financing treatment of the securities issued by the Trust on our consolidated financial statements, the assets within the Trust are still considered sold to our wholly owned, bankruptcy remote subsidiary, TRC, and are not available to general creditors of the Corporation.

Beginning on August 22, 2001, our consolidated financial statements reflected the following accounting changes. First, we reflected the obligation to holders of the $800 million (face value) of previously sold receivable-backed securities (Series 1997-1 and 1998-1, Class A Certificates) as debt of TRC, and we recorded the receivables at fair value in place of the previously recorded retained interests related to the sold securities. This resulted in an unusual pre-tax charge of $67 million ($.05 per share). Next, we reclassified the owned receivable-backed securities to accounts receivable at fair value. This reclassification had no impact on our Consolidated Statements of Operations because we had previously recorded permanent impairments to our portfolio of owned receivable-backed securities in amounts equal to the difference between face value and fair value of the underlying receivables. On August 22, 2001, the Trust's entire portfolio of receivables was reflected on our consolidated financial statements at its fair value, which was based upon the expected performance of the underlying receivables portfolio. At that point in time, fair value was equivalent in amount to face value, net of an appropriate allowance. By year-end, a normalized relationship developed between the face value of receivables and allowance for doubtful accounts through turnover of receivables within the portfolio. As a result, at February 2, 2002, our allowance for doubtful accounts is attributable to our entire receivables portfolio.

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 held prior to August 22, 2001 represented our interest in the securitization facility through which we securitize our receivables on an ongoing basis.

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

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

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

We monitored impairment of receivable-backed securities based on fair value. Permanent impairments were charged to earnings through credit expense in the period in which it was determined that the receivable-backed securities' carrying value was greater than their fair value.

At year-end 2000, $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.

At year-end 2000 and 1999, underlying the receivable-backed securities were serviced receivables of $2,905 million and $2,681 million, respectively. The serviced receivables included receivables with two or more payments past due of $179 million at year-end 2000

and 1999. Permanent impairment charges on the receivables underlying the receivable-backed securities portfolio were $89 million in 2001 (prior to August 22, 2001), $140 million in 2000 and $147 million in 1999. Permanent impairment charges in 2001 include only those losses prior to the consolidation of the Trust on August 22, 2001.

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 $64 million and $57 million at year end 2001 and 2000, respectively.

Inventory **(millions)**		**2001**		**2000**
Target	$	**3,348**	$	3,090
Mervyn's		**523**		561
Marshall Field's		**348**		396
Other		**230**		201
Total inventory	$	**4,449**	$	4,248

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method over estimated useful lives. 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

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

In 2001, the Financial Accounting Standards Board issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," superseding SFAS No. 121 in its entirety and the accounting and reporting provisions of APB Opinion No. 30 for disposals of segments of a business. The statement retains the fundamental provisions of SFAS No. 121, clarifies guidance related to asset classification and impairment testing and incorporates guidance related to disposals of segments. As required, we will adopt this statement in the first quarter of 2002. We do not believe the adoption of this statement will have a material impact on our earnings or financial position.

Goodwill and Intangible Assets

Goodwill and intangible assets are recorded within long-term other assets at cost less accumulated amortization. Amortization is computed using the straight-line method over estimated useful lives. Goodwill and intangible assets have estimated useful lives of three to thirty years.

In 2001, the Financial Accounting Standards Board issued SFAS No. 142, "Goodwill and Other Intangible Assets," which supersedes APB Opinion No. 17, "Intangible Assets." Under the new statement, goodwill and intangible assets that have indefinite useful lives will no longer be amortized but rather reviewed at least annually for impairment. As required, we will adopt this statement in the first quarter of 2002. The adoption of this statement will reduce annual amortization expense by approximately $10 million ($.01 per share). At February 2, 2002 and February 3, 2001, net goodwill and intangible assets were $250 million and $266 million, respectively, including goodwill and intangible assets with indefinite useful lives of $155 million and $165 million, respectively.

Accounts Payable

Outstanding drafts included in accounts payable were $958 million and $600 million at year-end 2001 and 2000, respectively.

Lines of Credit

At February 2, 2002, two committed credit agreements totaling $1.9 billion were in place through a group of 29 banks at specified rates. There were no balances outstanding at any time during 2001 or 2000 under these agreements.

Commitments and Contingencies

At February 2, 2002, our contractual obligations include notes payable, notes and debentures of $8,840 million (discussed in detail under Long-term Debt and Notes Payable on page 31) and the present value of capital and operating lease obligations of $153 million and $788 million, respectively (discussed in detail under Leases on page 32). In addition, commitments for the purchase, construction, lease or remodeling of real estate, facilities and equipment were approximately $729 million at year-end 2001.

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.

Long-term Debt and Notes Payable

At February 2, 2002, $100 million of notes payable were outstanding representing 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 2001 was $658 million at a weighted-average interest rate of 4.4 percent.

In 2001, we issued $550 million of long-term debt maturing in 2006 at 5.95 percent, $500 million of long-term debt maturing in 2007 at 5.50 percent, $750 million of long-term debt maturing in 2008 at 5.40 percent and $700 million of long-term debt maturing in 2031 at 7.00 percent. The Trust issued $750 million of floating rate debt secured by credit card receivables, bearing interest at an initial rate of 3.69 percent maturing in 2004. In addition, concurrent with this transaction, on August 22, 2001 we reflected the obligation to holders of the $800 million in previously sold receivable-backed securities as debt of TRC (discussed in detail under Accounts Receivable and Receivable-backed Securities on page 29). Also during 2001, were purchased $144 million of long-term debt with an average remaining life of 7 years and weighted-average interest rate of 9.2 percent, resulting in an after-tax extraordinary charge of $6 million ($.01 per share).

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. 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).

Subsequent to year-end, we issued $1,000 million of long-term debt maturing in 2012 at 5.88 percent.

At year-end our debt portfolio was as follows:

Long-term Debt and Notes Payable (millions)	February 2, 2002		February 3, 2001	
	Rate*	Balance	Rate*	Balance
Notes payable	**1.8% $**	**100**	5.8% $	908
Notes and debentures:				
Due 2001-2005	**5.3**	**3,070**	7.4	2,199
Due 2006-2010	**6.4**	**3,660**	7.1	1,898
Due 2011-2015	**8.9**	**159**	8.9	174
Due 2016-2020	**9.7**	**135**	9.7	135
Due 2021-2025	**8.3**	**616**	8.3	618
Due 2026-2030	**6.7**	**400**	6.7	403
Due 2031-2037	**7.0**	**700**		—
Total notes payable, notes and debentures**	**6.3% $**	**8,840**	7.2% $	6,335
Capital lease obligations		**153**		156
Less: current portion		**(905)**		(857)

Long-term debt and notes payable	**$**	**8,088**	$	5,634

* 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 $9,279 million at February 2, 2002 and $6,562 million at February 3, 2001.

Required principal payments on long-term debt and notes payable over the next five years, excluding capital lease obligations, are $892 million in 2002, $864 million in 2003, $856 million in 2004, $500 million in 2005 and $750 million in 2006. No debt instrument contains provisions requiring acceleration of payment upon a debt rating downgrade.

Derivatives

In the first quarter of 2001, we adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 137 and SFAS No. 138. The adoption did not have a material impact on our 2001 earnings or financial position.

At February 2, 2002 and February 3, 2001, interest rate swap agreements were outstanding at notional amounts totaling $1,450 million and $900 million, respectively. The swaps hedge the fair value of certain debt by effectively converting interest from fixed rate to variable. Also at February 2, 2002, two forward Treasury rate lock agreements were outstanding, each with notional amounts of $350 million. The rate lock agreements hedge the exposure to variability in future cash flows of forecasted debt transactions. The transaction contemplated by these two agreements occurred on March 4, 2002. The fair value of our outstanding swaps and rate locks is reflected in the financial statements and any "hedge ineffectiveness" is recognized in interest expense. At February 2, 2002 and February 3, 2001, the fair value of our existing swaps is immaterial.

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 $171 million in 2001 and $168 million in 2000 and 1999. Most of the long-term leases include options to renew, with terms varying from five to thirty years. Certain leases also include options to purchase the property.

Future minimum lease payments required under noncancelable lease agreements existing at February 2, 2002, were:

Future Minimum Lease Payments (millions)		**Operating Leases**		**Capital Leases**
2002	$	127	$	25
2003		116		23
2004		105		22
2005		98		21
2006		90		23
After 2006		767		138
Total future minimum lease payments	$	1,303	$	252
Less: interest*		(515)		(99)
Present value of minimum lease payments	$	788	$	153**

* Calculated using the interest rate at inception for each lease (the weighted-average interest rate was 8.9 percent).

** Includes current portion of $12 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	835	92	126	1,053
Mervyn's	156	61	47	264
Marshall Field's	51	12	1	64
Total	1,042	165	174	1,381

Income Taxes

Reconciliation of tax rates is as follows:

Percent of Earnings Before Income Taxes	2001	2000	1999
Federal statutory rate	**35.0%**	35.0%	35.0%
State income taxes, net of federal tax benefit	**3.3**	3.6	3.9
Dividends on ESOP stock	**(.1)**	(.2)	(.4)
Work opportunity tax credits	**(.2)**	(.2)	(.2)
Other	**—**	.2	.5
Effective tax rate	**38.0%**	38.4%	38.8%

The components of the provision for income taxes were:

Income Tax Provision: Expense/(Benefit) (millions)	2001	2000	1999
Current:			
Federal	**$ 686**	$ 675	$ 570
State	**107**	113	106
	793	788	676
Deferred:			
Federal	**43**	(1)	63
State	**6**	2	12
	49	1	75
Total	**$ 842**	$ 789	$ 751

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

Net Deferred Tax Asset/(Liability) (millions)	February 2, 2002	February 3, 2001
Gross deferred tax assets:		
Self-insured benefits	**$ 172**	$ 167
Deferred compensation	**160**	143
Inventory	**138**	100
Accounts receivable valuation allowance	**99**	64
Postretirement health care obligation	**41**	40
Other	**97**	99
	707	613
Gross deferred tax liabilities:		
Property and equipment	**(519)**	(460)
Pension	**(109)**	(53)
Other	**(71)**	(43)
	(699)	(556)
Net	**$ 8**	$ 57

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.

Options Outstanding

(shares in thousands)	Total Outstanding: Number of Shares		Total Outstanding: Weighted Average Exercise Price	Currently Exercisable: Number of Shares		Currently Exercisable: Weighted Average Exercise Price
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
Granted	4,805		40.52			
Canceled	(437)		30.41			
Exercised	(5,311)		9.42			
February 2, 2002	**31,315**	**$**	**24.07**	**17,629**	**$**	**17.04**

Options Outstanding

(shares in thousands)	Shares Outstanding at February 2, 2002		Range of Exercise Price
	8,354	$	4.98 - $ 9.99
	5,537	$	10.00 - $19.99
	3,974	$	20.00 - $29.99
	8,943	$	30.00 - $39.99
	4,507	$	40.00 - $43.63
Total	31,315	$	4.98 - $43.63

As of February 2, 2002, outstanding options had a weighted-average remaining contractual life of 6.9 years. The number of unissued common shares reserved for future grants under the stock option plans was 39,444,821 at February 2, 2002, and 43,817,181 at February 3, 2001.

We apply APB No. 25, "Accounting for Stock Issued to Employees," to account for our stock option 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. If we had elected to recognize compensation expense based on the fair value of the options at the 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 $.03, $.01 and $.02 lower than reported EPS in 2001, 2000 and 1999, respectively.

Pro Forma Earnings

(millions)		2001		2000		1999
Net earnings—as reported	**$**	**1,368**	$	1,264	$	1,144
Net earnings—pro forma	**$**	**1,340**	$	1,247	$	1,132

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

		2001		2000		1999
Dividend yield		**.6%**		.6%		.6%
Volatility		**30%**		30%		30%
Risk-free interest rate		**4.3%**		4.8%		6.6%
Expected life in years		**5.0**		5.0		5.6
Weighted-average fair value at grant date	**$**	**13.09**	$	11.15	$	12.91

Employee Stock Ownership Plan

We sponsor a defined contribution employee benefit plan. Employees who meet certain eligibility requirements can participate by investing up to 80 percent of their compensation. We match too 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 (40I(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 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 1999. Benefits expense was $97 million in 2001, $92 million in 2000 and $78 million in 1999.

Pension and Postretirement Health Care Benefits

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

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	
	Qualified Plans		Non-qualified Plans			
(millions)	2001	2000	2001	2000	2001	2000
Benefit obligation at beginning of measurement period	**$ 863**	$ 811	**$ 54**	$ 51	**$ 99**	$ 94
Service cost	**48**	45	**2**	2	**2**	2
Interest cost	**65**	59	**4**	4	**8**	7
Actuarial (gain)/loss	**88**	2	**9**	—	**14**	4
Benefits paid	**(50)**	(54)	**(16)**	(3)	**(9)**	(8)
Benefit obligation at end of measurement period	**$ 1,014**	$ 863	**$ 53**	$ 54	**$ 114**	$ 99
Change in Plan Assets						
Fair value of plan assets at beginning of measurement period	**$ 1,020**	$ 982	**$ —**	$ —	**$ —**	$ —
Actual return on plan assets	**(100)**	91	**—**	—	**—**	—
Employer contribution	**163**	1	**16**	3	**9**	8
Benefits paid	**(50)**	(54)	**(16)**	(3)	**(9)**	(8)
Fair value of plan assets at end of measurement period	**$ 1,033**	$ 1,020	**$ —**	$ —	**$ —**	$ —
Reconciliation of Prepaid/(Accrued) Cost						
Funded status	**$ 19**	$ 157	**$ (53)**	$ (54)	**$ (114)**	$ (99)
Unrecognized actuarial loss/(gain)	**292**	15	**21**	17	**11**	(3)
Unrecognized prior service cost	**1**	1	**7**	8	**2**	2
Net prepaid/(accrued) cost	**$ 312**	$ 173	**$ (25)**	$ (29)	**$ (101)**	$ (100)

Net Pension and Postretirement Health Care Benefits Expense

	Pension Benefits			Postretirement Health Care Benefits		
(millions)	2001	2000	1999	2001	2000	1999

Service cost benefits earned during the period	$ **50**	$ 47	$ 44	$ **2**	$ 2	$ 2
Interest cost on projected benefit obligation	**69**	63	53	**8**	7	6
Expected return on assets	**(89)**	(81)	(72)	**—**	—	—
Recognized gains and losses	**1**	8	9	**—**	—	—
Recognized prior service cost	**1**	1	1	**—**	—	—
Total	$ **32**	$ 38	$ 35	$ **10**	$ 9	$ 8

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		
	2001	**2000**	**1999**	**2001**	**2000**	**1999**
Discount rate	**$7^1/_4$%**	$7^3/_4$%	$7^1/_2$%	**$7^1/_4$%**	$7^3/_4$%	$7^1/_2$%
Expected long-term rate of return on plan assets	**9**	9	9	**n/a**	n/a	n/a
Average assumed rate of compensation increase	**$4^1/_4$**	$4^3/_4$	$4^1/_2$	**n/a**	n/a	n/a

An increase in the cost of covered health care benefits of 6 percent is assumed for 2002. 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:

(millions)	**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	$ 7	$ (6)

Business Segment Comparisons

(millions)	**2001**	**2000***	**1999**	**1998**	**1997**	**1996**
Revenues						
Target	$ **32,588**	$ 29,278	$ 26,080	$ 23,014	$ 20,298	$ 17,810
Mervyn's	**4,038**	4,152	4,099	4,150	4,219	4,350
Marshall Field's	**2,829**	3,011	3,074	3,064	2,970	2,932
Other	**433**	462	449	434	—	—
Total revenues	$ **39,888**	$ 36,903	$ 33,702	$ 30,662	$ 27,487	$ 25,092
Pre-tax segment profit and earnings reconciliation						
Target	$ **2,546**	$ 2,223	$ 2,022	$ 1,578	$ 1,287	$ 1,048
Mervyn's	**286**	269	205	240	280	272
Marshall Field's	**133**	190	296	279	240	151
Total pre-tax segment profit	$ **2,965**	$ 2,682	$ 2,523	$ 2,097	$ 1,807	$ 1,471
LIFO provision (expense)/credit	**(8)**	(4)	7	18	(6)	(9)
Securitization adjustments:						
Unusual items	**(67)**	—	—	(3)	45	—
Interest equivalent	**(27)**	(50)	(49)	(48)	(33)	(25)
Interest expense	**(464)**	(425)	(393)	(398)	(416)	(442)
Mainframe outsourcing	**—**	—	(5)	(42)	—	—
Real estate repositioning	**—**	—	—	—	—	(134)
Other	**(183)**	(150)	(147)	(68)	(71)	(78)
Earnings before income taxes and extraordinary items	$ **2,216**	$ 2,053	$ 1,936	$ 1,556	$ 1,326	$ 783

Assets						
Target	$ **18,515**	$ 14,348	$ 12,048	$ 10,475	$ 9,487	$ 8,257
Mervyn's	**2,379**	2,270	2,248	2,339	2,281	2,658
Marshall Field's	**2,284**	2,114	2,149	2,123	2,188	2,296
Other	**976**	758	698	729	235	178
Total assets	$ **24,154**	$ 19,490	$ 17,143	$ 15,666	$ 14,191	$ 13,389
Depreciation and amortization						
Target	$ **784**	$ 660	$ 567	$ 496	$ 437	$ 377
Mervyn's	**126**	131	138	138	126	151
Marshall Field's	**135**	133	133	135	128	119
Other	**34**	16	16	11	2	3
Total depreciation and amortization	$ **1,079**	$ 940	$ 854	$ 780	$ 693	$ 650
Capital expenditures						
Target	$ **2,901**	$ 2,244	$ 1,665	$ 1,352	$ 1,155	$ 1,048
Mervyn's	**104**	106	108	169	72	79
Marshall Field's	**125**	143	124	127	124	173
Other	**33**	35	21	9	3	1
Total capital expenditures	$ **3,163**	$ 2,528	$ 1,918	$ 1,657	$ 1,354	$ 1,301
Segment EBITDA						
Target	$ **3,330**	$ 2,883	$ 2,589	$ 2,074	$ 1,724	$ 1,425
Mervyn's	**412**	400	343	378	406	423
Marshall Field's	**268**	323	429	414	368	270
Total segment EBITDA	$ **4,010**	$ 3,606	$ 3,361	$ 2,866	$ 2,498	$ 2,118
Net assets**						
Target	$ **13,812**	$ 10,659	$ 8,413	$ 7,302	$ 6,602	$ 5,711
Mervyn's	**1,868**	1,928	1,908	2,017	2,019	2,268
Marshall Field's	**1,764**	1,749	1,795	1,785	1,896	1,879
Other	**561**	463	428	514	169	53
Total net assets	$ **18,005**	$ 14,799	$ 12,544	$ 11,618	$ 10,686	$ 9,911

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

* Consisted of 53 weeks.

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

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 2001 and 2000:

(millions, except per share data)	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Total Year	
	2001	**2000**	**2001**	**2000**	**2001**	**2000**	**2001**	**2000**	**2001**	**2000**
Total revenues	**$ 8,345**	7,746	**$ 8,952**	8,251	**$ 9,354**	8,582	**$ 13,237**	12,324	**$ 39,888**	36,903
Gross margin (a)	**$ 2,575**	2,410	**$ 2,706**	2,530	**$ 2,797**	2,584	**$ 3,852**	3,543	**$ 11,930**	11,067
Net earnings before extraordinary items (c)	**$ 254**	239	**$ 272**	257	**$ 185**	216	**$ 663**	552	**$ 1,374**	1,264
Net earnings (b) (c)	**$ 254**	239	**$ 271**	258	**$ 185**	215	**$ 658**	552	**$ 1,368**	1,264
Basic earnings per share (b) (c) (d)	**$ .28**	.26	**$ .30**	.28	**$ .20**	.24	**$ .73**	.62	**$ 1.52**	1.40
Diluted earnings per share (b) (c) (d)	**$ .28**	.26	**$ .30**	.28	**$ .20**	.24	**$ .72**	.61	**$ 1.50**	1.38
Dividends declared per share (d)	**$ .055**	.050	**$ .055**	.055	**$ .055**	.055	**$ .060**	.055	**$ .225**	.215
Common stock price (e)										
High	**$ 39.25**	38.59	**$ 39.93**	35.72	**$ 39.03**	31.88	**$ 44.41**	37.98	**$ 44.41**	38.59
Low	**$ 33.95**	27.94	**$ 32.74**	26.22	**$ 26.68**	22.75	**$ 34.11**	25.50	**$ 26.68**	22.75

(a) Gross margin is sales less cost of sales.

(b) In 2001, second and fourth quarter net earnings include extraordinary charges, net of tax, related to the purchase and redemption of debt of $1 million and $5 million (less than $.01 and $.01 per basic and diluted share), respectively. 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.

(c) Third quarter and total year 2001 net earnings before extraordinary items, net earnings and earnings per share include a pre-tax charge of $67 million ($.05 per share) that relates to the required adoption of a new accounting standard applicable to securitized accounts receivable (discussed in detail under Accounts Receivable on page 29).

(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 22, 2002, there were 15,773 registered shareholders and the common stock price was $43.65 per share.

summary financial and operating data (unaudited)

(dollars in millions, except per share data)		2001	2000(a)	1999	1998	1997	1996
Results of operations							
Total revenues	$	**39,888**	36,903	33,702	30,662	27,487	25,092
Net earnings (c) (d) (e)	$	**1,368**	1,264	1,144	935	751	463
Financial position data							
Total assets	$	**24,154**	19,490	17,143	15,666	14,191	13,389
Long-term debt	$	**8,088**	5,634	4,521	4,452	4,425	4,808
Per common share data (b)							
Diluted earnings per share (c) (d) (e)	$	**1.50**	1.38	1.23	.99	.80	.49
Cash dividend declared	$	**.225**	.215	.200	.185	.170	.157
Other data							
Weighted average common shares outstanding (b)		**901.5**	903.5	882.6	880.0	872.2	866.5
Diluted average common shares outstanding (b)		**909.8**	913.0	931.3	934.6	927.3	921.8
Capital expenditures	$	**3,163**	2,528	1,918	1,657	1,354	1,301
Number of stores:							
Target		**1,053**	977	912	851	796	736
Mervyn's		**264**	266	267	268	269	300
Marshall Field's		**64**	64	64	63	65	65
Total stores		**1,381**	1,307	1,243	1,182	1,130	1,101
Total retail square footage (thousands):							
Target		**125,203**	112,939	102,945	94,553	87,158	79,360
Mervyn's		**21,425**	21,555	21,635	21,729	21,810	24,518
Marshall Field's		**14,638**	14,584	14,060	13,890	14,090	14,111
Total retail square footage		**161,266**	149,078	138,640	130,172	123,058	117,989

(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 $6 million ($.01 per share) in 2001, 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) 2001 includes a $67 million pre-tax charge ($.05 per share) that relates to the required adoption of a new accounting standard applicable to securitized accounts receivable (discussed in detail under Accounts Receivable on page 29). 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 28-36.

---

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 2, 2002 and February 3, 2001 and the related consolidated results of operations, cash flows and shareholders' investment for each of the three years in the period ended February 2, 2002. 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 2, 2002 and February 3, 2001 and the consolidated results of their operations and their cash flows for each of the three years in the period ended February 2, 2002 in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP

Minneapolis, Minnesota
February 27, 2002

QuickLinks

Cash Flow from Operations (millions)
Capital Expenditures (millions)
Total Annualized Return
Retail Capitalization (millions)
Credit Capitalization (millions)
Credit Portfolio Yield
Average Receivables Serviced (millions)
Receivables Serviced

QuickLinks -- Click here to rapidly navigate through this document

Exhibit (21)

Target Corporation
(A Minnesota Corporation)

List of Subsidiaries
(As of April 1, 2002)

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)
Eighth Street Development Company (MN)
Highbridge Company (MN)
Highbridge Music Company (MN)
Hometown America Company (MN)
Marshall Field's Chicago, Inc. (DE)
marshallfields.direct LLC (MN)
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)
Retail Properties, Inc. (DE)
Retailer's National Bank, N.A.
RiverCrossings Company (MN)
Rooftop, Inc. (MN)
STL of Nebraska, Inc. (MN)
Strata Merchandising, Ltd. (London, England)
SuperTarget Liquor of Colorado, Inc. (MN)
SuperTarget Liquor of Missouri, Inc. (MN)
SuperTarget Liquor of Texas, Inc. (TX)
Target Brands, Inc. (MN)
Target Capital Corporation (MN)
Target Connect, Inc. (MN)
Target Customs Brokers, Inc. (MN)
target.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

List of Subsidiaries (As of April 1, 2002)

Exhibit 23

Consent of Independent Auditors

We consent to the incorporation by reference in the Annual Report (Form 10-K) of Target Corporation of our report dated February 27, 2002, included in the 2001 Annual Report to Shareholders of Target Corporation.

Our audit also included the financial statement schedule of Target Corporation listed in Item 14(a). This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in Registration Statement Numbers 333-65347, 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 February 27, 2002, with respect to the consolidated financial statements incorporated herein by reference, and our report included in the preceding paragraph with respect to the financial statement schedule included in this Annual Report (Form 10-K) of Target Corporation.

/s/ Ernst & Young LLP

Minneapolis, Minnesota
April 15, 2002

TARGET CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of TARGET CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), for the fiscal year ended February 2, 2002, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to the 1934 Act, and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, Form 144 or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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

IN WITNESS WHEREOF, the undersigned has signed below as of this 11th day of March, 2002.

/s/ Roger A. Enrico

Roger A. Enrico

TARGET CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of TARGET CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), for the fiscal year ended February 2, 2002, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to the 1934 Act, and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, Form 144 or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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

IN WITNESS WHEREOF, the undersigned has signed below as of this 7th day of March, 2002.

/s/ William W. George

William W. George

TARGET CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of TARGET CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), for the fiscal year ended February 2, 2002, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to the 1934 Act, and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, Form 144 or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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

IN WITNESS WHEREOF, the undersigned has signed below as of this 13th day of March, 2002.

/s/ Michele J. Hooper

Michele J. Hooper

TARGET CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of TARGET CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), for the fiscal year ended February 2, 2002, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to the 1934 Act, and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, Form 144 or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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

IN WITNESS WHEREOF, the undersigned has signed below as of this 12th day of March, 2002.

/s/ James A. Johnson

James A. Johnson

TARGET CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of TARGET CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), for the fiscal year ended February 2, 2002, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to the 1934 Act, and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, Form 144 or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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

IN WITNESS WHEREOF, the undersigned has signed below as of this 8th day of March, 2002.

/s/ Richard M. Kovacevich

Richard M. Kovacevich

TARGET CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of TARGET CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), for the fiscal year ended February 2, 2002, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's

401(k) Plan and similar plans pursuant to the 1934 Act, and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, Form 144 or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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

IN WITNESS WHEREOF, the undersigned has signed below as of this 8th day of March, 2002.

/s/ Anne M. Mulcahy

Anne M. Mulcahy

TARGET CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of TARGET CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), for the fiscal year ended February 2, 2002, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to the 1934 Act, and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, Form 144 or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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

IN WITNESS WHEREOF, the undersigned has signed below as of this 8th day of March, 2002.

/s/ Stephen W. Sanger

Stephen W. Sanger

TARGET CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of TARGET CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), for the fiscal year ended February 2, 2002, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to the 1934 Act, and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, Form 144 or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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

IN WITNESS WHEREOF, the undersigned has signed below as of this 9th day of March, 2002.

/s/ Warren R. Staley

Warren R. Staley

TARGET CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of TARGET CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), for the fiscal year ended February 2, 2002, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to the 1934 Act, and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, Form 144 or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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

IN WITNESS WHEREOF, the undersigned has signed below as of this 11th day of March, 2002.

/s/ G. W. Tamke

George W. Tamke

TARGET CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of TARGET CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), for the fiscal year ended February 2, 2002, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to the 1934 Act, and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, Form 144 or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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

IN WITNESS WHEREOF, the undersigned has signed below as of this 8th day of March, 2002.

/s/ Solomon D. Trujillo

Solomon D. Trujillo

TARGET CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of TARGET CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), for the fiscal year ended February 2, 2002, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to the 1934 Act, and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, Form 144 or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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

IN WITNESS WHEREOF, the undersigned has signed below as of this 7th day of March, 2002.

/s/ Bob Ulrich

Bob Ulrich

TARGET CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of TARGET CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), for the fiscal year ended February 2, 2002, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to the 1934 Act, and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, Form 144 or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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

IN WITNESS WHEREOF, the undersigned has signed below as of this 8th day of March, 2002.

/s/ Linda L. Ahlers

Linda L. Ahlers

TARGET CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of TARGET CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), for the fiscal year ended February 2, 2002, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to the 1934 Act, and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, Form 144 or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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

IN WITNESS WHEREOF, the undersigned has signed below as of this 12th day of March, 2002.

/s/ Todd V. Blackwell

Todd V. Blackwell

TARGET CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of TARGET CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), for the fiscal year ended February 2, 2002, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to the 1934 Act, and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, Form 144 or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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

IN WITNESS WHEREOF, the undersigned has signed below as of this 10th day of March, 2002.

/s/ Bart Butzer

Bart Butzer

TARGET CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of TARGET CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), for the fiscal year ended February 2, 2002, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to the 1934 Act, and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, Form 144 or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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

IN WITNESS WHEREOF, the undersigned has signed below as of this 11th day of March, 2002.

/s/ Michael Francis

Michael Francis

TARGET CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of TARGET CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), for the fiscal year ended February 2, 2002, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to the 1934 Act, and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, Form 144 or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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

IN WITNESS WHEREOF, the undersigned has signed below as of this 14th day of March, 2002.

/s/ John Griffith

John Griffith

TARGET CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of TARGET CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), for the fiscal year ended February 2, 2002, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to the 1934 Act, and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934

Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, Form 144 or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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

IN WITNESS WHEREOF, the undersigned has signed below as of this 8th day of March, 2002.

/s/ James T. Hale

James T. Hale

TARGET CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of TARGET CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), for the fiscal year ended February 2, 2002, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to the 1934 Act, and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, Form 144 or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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

IN WITNESS WHEREOF, the undersigned has signed below as of this 11th day of March, 2002.

/s/ Maureen W. Kyer

Maureen W. Kyer

TARGET CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of TARGET CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), for the fiscal year ended February 2, 2002, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to the 1934 Act, and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, Form 144 or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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

IN WITNESS WHEREOF, the undersigned has signed below as of this 8th day of March, 2002.

/s/ Diane L. Neal

Diane L. Neal

TARGET CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of TARGET CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), for the fiscal year ended February 2, 2002, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to the 1934 Act, and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, Form 144 or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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

IN WITNESS WHEREOF, the undersigned has signed below as of this 11th day of March, 2002.

/s/ Luis A. Padilla

Luis A. Padilla

TARGET CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of TARGET CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), for the fiscal year ended February 2, 2002, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to the 1934 Act, and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, Form 144 or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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

IN WITNESS WHEREOF, the undersigned has signed below as of this 14th day of March, 2002.

/s/ Douglas A. Scovanner

Douglas A. Scovanner

TARGET CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of TARGET CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), for the fiscal year ended February 2, 2002, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to the 1934 Act, and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, Form 144 or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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

IN WITNESS WHEREOF, the undersigned has signed below as of this 11th day of March, 2002.

/s/ Paul Singer

Paul Singer

TARGET CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of TARGET CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), for the fiscal year ended February 2, 2002, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to the 1934 Act, and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, Form 144 or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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

IN WITNESS WHEREOF, the undersigned has signed below as of this 8th day of March, 2002.

/s/ Gregg W. Steinhafel

Gregg W. Steinhafel

TARGET CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of TARGET CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), for the fiscal year ended February 2, 2002, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to the 1934 Act, and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, Form 144 or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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

IN WITNESS WHEREOF, the undersigned has signed below as of this 14th day of March, 2002.

/s/ Gerald L. Storch

Gerald L. Storch

TARGET CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of TARGET CORPORATION, a Minnesota corporation (the "Corporation"), does hereby make, constitute and appoint ROBERT J. ULRICH, JAMES T. HALE, DOUGLAS A. SCOVANNER, STEPHEN C. KOWALKE and TIMOTHY R. BAER and each or any one of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as director and/or officer of the Corporation to (1) a Form 10-K, Annual Report, pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), for the fiscal year ended February 2, 2002, or other applicable form, including any and all exhibits, schedules, supplements and supporting documents thereto, including, but not limited to, the Form 11-K Annual Reports of the Corporation's 401(k) Plan and similar plans pursuant to the 1934 Act, and all amendments, supplementations and corrections thereto, to be filed by the Corporation with the Securities and Exchange Commission (the "SEC"), as required in connection with its registration under the 1934 Act, as amended; (2) one or more Forms 3, 4 or 5 pursuant to the 1934 Act and all related documents, amendments, supplementations and corrections thereto, to be filed with the SEC as required under the 1934 Act; and (3) one or more Registration Statements, on Form S-3, Form S-8, Form 144 or other applicable forms, and all amendments, including post-effective amendments, thereto, to be filed by the Corporation with the SEC in connection with the registration under the Securities Act of 1933, as amended, of debentures or other securities of the Corporation, and to file the same, with all exhibits thereto and other supporting documents, with the SEC.

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

IN WITNESS WHEREOF, the undersigned has signed below as of this 8th day of March, 2002.

/s/ Ertugrul Tuzcu

Ertugrul Tuzcu

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

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

(Mark One)

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

For the fiscal year ended December 31, 2001

OR

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

For the transition period from ____________ to ____________

Commission File Number 1-6049

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

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

TARGET CORPORATION
1000 Nicollet Mall
Minneapolis, Minnesota 55403

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statement (Form S-8, Nos. 333-27435 and 333-86373) pertaining to the Target Corporation 401(k) Plan of our report dated March 29, 2002, 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, 2001.

/s/ Ernst & Young LLP

Minneapolis, Minnesota
April 15, 2002

TARGET CORPORATION 401(k) PLAN

Audited Financial Statements and Schedules
Years Ended December 31, 2001 and 2000

Target Corporation 401(k) Plan

Audited Financial Statements and Schedules

Years Ended December 31, 2001 and 2000

Contents

Report of Independent Auditors

Audited Financial Statements

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

[Schedules]

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

Report of Independent Auditors

The Board of Directors
Target Corporation

We have audited the accompanying statements of net assets available for benefits of the Target Corporation 401(k) Plan (the Plan) as of December 31, 2001 and 2000, 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, 2001 and 2000, 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, 2001, 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 29, 2002

Target Corporation 401(k) Plan

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

December 31, 2001

	Total	Participant Directed Funds	Non-Participant Directed Employer Match Funds
Assets			
Receivables:			
Participants' 401(k) and after-tax contributions	$ 282	$ 282	$ —
Employer contribution	193	—	193
Interest	2,138	2,121	17
Total receivables	2,613	2,403	210
Cash	986	—	986
Investments	3,776,857	2,175,059	1,601,798
Total assets	3,780,456	2,177,462	1,602,994
Liabilities			
Expenses payable	1,253	715	538
Withdrawals payable to participants	313	276	37
Total liabilities	1,566	991	575
Net assets available for benefits	$ 3,778,890	$ 2,176,471	$ 1,602,419

See accompanying notes.

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 Changes in Net Assets Available for Benefits
(In 000s)
Year Ended December 31, 2001

	Total	Participant Directed Funds	Non-Participant Directed Employer Match Funds
Participants' 401(k) and after-tax contributions	**$ 168,296**	**$ 168,296**	**$ —**
Employer contributions	**96,790**	**—**	**96,790**
Investment income:			
Interest (net)	**29,752**	**28,321**	**1,431**
Dividends	**13,894**	**5,334**	**8,560**
Total investment income	**43,646**	**33,655**	**9,991**
	308,732	**201,951**	**106,781**
Distributions to participants	**(257,293)**	**(178,176)**	**(79,117)**
Trustee fees	**(1,076)**	**(743)**	**(333)**
Administration fees	**(7,568)**	**(5,424)**	**(2,144)**
	(265,937)	**(184,343)**	**(81,594)**
Net realized and unrealized appreciation in fair value of investments	**520,307**	**182,358**	**337,949**
Interfund transfers	**—**	**48,955**	**(48,955)**
Net increase	**563,102**	**248,921**	**314,181**
Net assets available for benefits at beginning of year	**3,215,788**	**1,927,550**	**1,288,238**
Net assets available for benefits at end of year	**$ 3,778,890**	**$ 2,176,471**	**$ 1,602,419**

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

Notes to Financial Statements

December 31, 2001

1. Description of the 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 of compensation for 2001 and 2000) on a before-tax basis for 2001 and 2000, 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, 2001, 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, 2001 and 2000, forfeitures were $5.175 million and $4.728 million, 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.

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, 2001 and 2000 ranged from 6.45% to 6.96% and 6.39% to 6.89%, respectively. Fair value of the investment contracts was estimated to be approximately 104% and 102% of contract value for years ended December 31, 2001 and 2000, 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.

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

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

		Net Appreciation (Depreciation) in Fair Value During Year
Year ended December 31, 2001:		
Collective investment funds	$	**(50,168)**
Target Corporation Common Stock		**570,475**
	$	**520,307**
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)

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

	December 31 2001	December 31 2000
Target Corporation Common Stock	$ **2,542,746**	$ 2,104,600
State Street Bank & Trust Co. Flagship S&P 500 Index Fund	**262,271**	309,144
Norwest Bank Minnesota, N.A. Stable Return Fund	**210,048**	*

AIG Financial Products Group Annuity Contract No. 130221	**194,815**	179,282
Pacific Mutual Life Insurance Co. Group Annuity Contract No. 26255	**193,472**	178,024

* Does not exceed 5% of net assets at December 31, 2000.

4. Transactions With Parties-in-Interest

During the years ended December 31, 2001 and 2000, the Plan engaged in the following transactions related to the Company's Common Stock:

	2001	2000
	(In 000s)	
Number of common shares purchased	**6,952**	8,726
Cost of common shares purchased	**$ 246,326**	$ 264,353
Number of common shares sold	**9,834**	7,360
Market value of common shares sold	**$ 362,510**	$ 247,091
Cost of common shares sold	**$ 148,725**	$ 101,301
Number of common shares distributed in kind	**435**	710
Market value of common shares distributed in kind	**$ 15,581**	$ 21,897
Cost of common shares distributed in kind	**$ 6,632**	$ 8,610
Dividends received (non-pass-through)	**$ 5,174**	$ 5,712

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 that year. Series B-1 Stock had the same preferences and rights as Series B Stock. As of December 31, 2001 and 2000, 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. 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 2001 and 2000, the Plan received match-related dividends of $8.560 million and $8.334 million, respectively, on Target Corporation Common Stock.

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

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

	December 31 2001	2000
Net assets available for benefits per the financial statements	**$ 3,778,890**	$ 3,215,788
Amounts payable to terminating participants	**(1,200)**	(1,437)
Net assets available for benefits per the Form 5500	**$ 3,777,690**	$ 3,214,351

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

	Year Ended December 31, 2001
Benefits paid to participants per the financial statements	$ 257,293
Subtract amounts payable to terminating participants at December 31, 2000	(1,437)
Add amounts payable to terminating participants at December 31, 2001	1,200
Benefits paid to participants per the Form 5500	$ 257,056

6. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated September 12, 2001, 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. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan Administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan, as amended, is qualified and the related trust is tax exempt.

Schedules

Target Corporation 401(k) Plan

EIN: 41-0215170
Plan #002

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

December 31, 2001

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Cost	Current Value
CASH EQUIVALENTS			
$ 4,522,522	*State Street Bank & Trust Co. Short Term Investment Fund	$ 4,522,522	$ 4,522,522
GROUP ANNUITY CONTRACTS			
194,814,940	American International Life Group (AIG) Financial Products Group Annuity Contract No. 130221, 6.38%, due 12/31/02	194,814,940	194,814,940
	–Blackrock Financial Management, Inc. Managed Synthetic Guaranteed Investment Contract Wrap Instruments for AIL GAC No. 130221	(6,743,770)	(6,743,770)
193,471,840	Pacific Mutual Life Insurance Co. Group Annuity Contract No. 26255, 1.0%, due 1/01/10	193,471,840	193,471,840
	–Goldman Sachs Managed Synthetic Guaranteed Investment Contract Wrap Instrument for Pacific Mutual GAC No. 26255	(7,256,831)	(7,256,831)
	TOTAL GROUP ANNUITY CONTRACTS	374,286,179	374,286,179
COLLECTIVE INVESTMENT FUNDS			
6,516,567	Norwest Bank Minnesota, N.A. Stable Return Fund	203,688,118	210,048,461
1,731,389	Norwest Bank Minnesota, N.A. Managed Synthetic Fund	20,000,000	22,339,015
1,318,968	*State Street Bank & Trust Co. Flagship S&P 500 Index Fund	198,611,548	262,271,475
4,321,197	*State Street Bank & Trust Co. Bond Market Index Fund	56,836,061	64,027,171
8,576,825	*State Street Bank & Trust Co. Russell 3000 Fund	80,543,112	72,757,211
4,413,608	*State Street Bank & Trust Co. Russell 2000 Fund	62,575,370	66,327,701
2,474,542	*State Street Bank & Trust Co. EAFE Series A	31,439,982	26,915,589
1,408,808	*State Street Bank & Trust Co. Daily EAFE	14,923,516	12,449,634
608,153	Barclays Global Investors U.S. Tactical Asset Allocation Fund F	9,852,492	9,785,177
612,729	*State Street Bank & Trust Co. Emerging Market Stock Fund	4,615,810	4,129,182
3,950,248	Barclays Global Investors Growth Equity Fund F	39,666,752	33,814,125
2,065,386	Barclays Global Investors Value Equity Fund F	21,995,977	20,819,088
	TOTAL COLLECTIVE INVESTMENT FUNDS	744,748,738	805,683,829

COMMON STOCK			
61,942,646	*Target Corporation	1,017,110,486	2,542,745,618
PARTICIPANT LOANS			
49,618,401	Participant loans, interest rates ranging from 8.75% to 10.5%	—	49,618,401
	TOTAL ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR	$ 2,140,667,925	$ 3,776,856,549

** 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, 2001

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	6,942,141 units purchased in 138 transactions	246,326,196	—	246,326,196	—	—
Common Stock	10,268,404 units sold in 70 transactions	—	378,090,840	155,356,391	378,090,840	222,734,449
State Street Bank & Trust Co.	438,357,822 units purchased in 125 transactions	438,357,822	—	438,357,822	—	—
Short Term Investment	439,531,613 units sold in 120 transactions	—	439,531,613	—	439,531,613	—

There were no category (i), (ii), or (iv) transactions for the year ended December 31, 2001.

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

---

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

---

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, acts of terrorism 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.