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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended July 29, 2000

Commission file number 1-6049

Target Corporation

(Exact name of registrant as specified in its charter)

Minnesota	41-0215170
(State of incorporation or organization)	(I.R.S. Employer Identification No.)
777 Nicollet Mall Minneapolis, Minnesota	55402-2055
(Address of principal executive offices)	(Zip Code)
Registrant's telephone number, including area code	(612) 370-6948

N/A

(Former name, former address and former fiscal year, if changed since last report.)

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 and (2) has been subject to such filing requirements for the past 90 days.

The number of shares outstanding of common stock as of July 29, 2000 was 903,187,497.

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TARGET CORPORATION

PART I. FINANCIAL INFORMATION

CONSOLIDATED RESULTS OF OPERATIONS

TARGET CORPORATION

(Millions, except per share data)	**Three Months Ended**	**Six Months Ended**	**Twelve Months Ended**

(Unaudited)		July 29, 2000		July 31, 1999		July 29, 2000		July 31, 1999		July 29, 2000		July 31, 1999
Sales	**$**	**8,123**	$	7,569	**$**	**15,736**	$	14,602	**$**	**34,346**	$	31,642
Net credit revenues		**128**		118		**261**		243		**508**		476
Total revenues		**8,251**		7,687		**15,997**		14,845		**34,854**		32,118
Cost of sales		**5,593**		5,193		**10,796**		10,044		**23,781**		21,987
Selling, general and administrative expense		**1,910**		1,810		**3,744**		3,500		**7,734**		7,219
Depreciation and amortization		**230**		212		**454**		418		**890**		821
Interest expense		**100**		98		**196**		192		**397**		393
Earnings before income taxes and extraordinary items		**418**		374		**807**		691		**2,052**		1,698
Provision for income taxes		**161**		146		**311**		269		**793**		646
Net earnings before extraordinary items		**257**		228		**496**		422		**1,259**		1,052
Extraordinary gain / (charge) from debt extinguishment, net of tax		**1**		(4)		**1**		(4)		**(36)**		(29)
Net earnings	**$**	**258**	$	224	**$**	**497**	$	418	**$**	**1,223**	$	1,023
Earnings before extraordinary charges	**$**	**.28**	$	.25	**$**	**.55**	$	.46	**$**	**1.40**	$	1.17
Extraordinary charges		**-**		-		**-**		-		**(.04)**		(.03)
Basic earnings per share	**$**	**.28**	$	.25	**$**	**.55**	$	.46	**$**	**1.36**	$	1.14
Earnings before extraordinary charges	**$**	**.28**	$	.24	**$**	**.54**	$	.45	**$**	**1.36**	$	1.12
Extraordinary charges		**-**		-		**-**		-		**(.04)**		(.03)
Diluted earnings per share	**$**	**.28**	$	.24	**$**	**.54**	$	.45	**$**	**1.32**	$	1.09
Dividends declared per common share	**$**	**.05**	$	.05	**$**	**.10**	$	.10	**$**	**.20**	$	.20
Weighted average common shares outstanding:												
Basic		**906.6**		882.2		**908.5**		883.5		**895.1**		882.6
Diluted		**915.2**		932.7		**918.2**		935.9		**922.4**		935.5

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

TARGET CORPORATION

(Millions)		July 29, 2000		January 29, 2000*		July 31, 1999
		(Unaudited)				(Unaudited)
Assets						
Cash and cash equivalents	**$**	**339**	$	220	$	238
Retained securitized receivables		**1,574**		1,837		1,363
Inventory		**4,071**		3,798		3,973
Other		**683**		628		655
Total current assets		**6,667**		6,483		6,229
Property and equipment		**14,576**		13,824		13,213
Accumulated depreciation		**(4,116)**		(3,925)		(3,805)
Property and equipment, net		**10,460**		9,899		9,408
Other		**805**		761		778
Total assets	**$**	**17,932**	$	17,143	$	16,415
Liabilities and shareholders' investment						
Accounts payable	**$**	**3,347**	$	3,514	$	3,111
Current portion of long-term debt and notes payable		**1,405**		498		219
Other		**1,749**		1,838		1,529
Total current liabilities		**6,501**		5,850		4,859

Long-term debt	**4,520**	4,521	5,178
Deferred income taxes and other	**937**	910	888
Convertible preferred stock, net	**-**	-	6
Shareholders' investment	**5,974**	5,862	5,484
Total liabilities and shareholders' investment	**$ 17,932**	$ 17,143	$ 16,415
Common shares outstanding	**903.2**	911.7	881.3

*

The January 29, 2000 Consolidated Statement of Financial Position is condensed from the audited financial statement.

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

TARGET CORPORATION

(Millions)	**Six Months Ended**	
(Unaudited)	**July 29, 2000**	**July 31, 1999**
Operating activities		
Net earnings	**$ 496**	$ 422
Reconciliation to cash flow:		
Depreciation and amortization	**454**	418
Deferred tax provision	**44**	82
Other non-cash items affecting earnings	**66**	68
Changes in operating accounts providing/(requiring) cash:		
Retained securitized receivables	**263**	293
Inventory	**(273)**	(498)
Other current assets	**(120)**	(88)
Other assets	**8**	(78)
Accounts payable	**(167)**	(39)
Accrued liabilities	**(51)**	(124)
Income taxes payable	**(36)**	1
Cash flow provided by operations	**684**	457
Investing activities		
Expenditures for property and equipment	**(1,052)**	(863)
Proceeds from disposals of property and equipment	**22**	13
Cash flow required by investing activities	**(1,030)**	(850)
Net financing requirements	**(346)**	(393)
Financing activities		
Increase in notes payable, net	**819**	673
Additions to long-term debt	**500**	225
Reductions of long-term debt	**(432)**	(215)
Dividends paid	**(91)**	(98)
Repurchase of stock	**(350)**	(243)
Other	**19**	34
Cash flow provided by financing activities	**465**	376
Net increase/(decrease) in cash and cash equivalents	**119**	(17)
Cash and cash equivalents at beginning of period	**220**	255
Cash and cash equivalents at end of period	**$ 339**	$ 238

Amounts in this statement are presented on a cash basis and therefore may differ from those shown elsewhere in this 10-Q report.

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Accounting Policies

The accompanying consolidated financial statements should be read in conjunction with the financial statement disclosures contained in our 1999 Annual Shareholders' Report throughout pages 24-37. The same accounting policies are followed in preparing quarterly financial data as are followed in preparing annual data. In the opinion of management, all adjustments necessary for a fair presentation of quarterly operating results are reflected herein and are of a normal, recurring nature.

Due to the seasonal nature of the retail industry, quarterly earnings are not necessarily indicative of the results that may be expected for the full fiscal year.

Per Share Data

On July 19, 2000, we distributed to shareholders of record as of June 30, 2000, one additional share of common stock for each share owned, resulting in a two-for-one common share split. All earnings per share, dividends per share and common shares outstanding reflect this share split.

References to earnings per share relate to diluted earnings per share.

	Basic EPS						**Diluted EPS**					
	Three Months Ended		**Six Months Ended**		**Twelve Months Ended**		**Three Months Ended**		**Six Months Ended**		**Twelve Months Ended**	
	Jul 29, 2000	**Jul 31, 1999**	**Jul 29, 2000**	**Jul 31, 1999**	**Jul 29, 2000**	**Jul 31, 1999**	**Jul 29, 2000**	**Jul 31, 1999**	**Jul 29, 2000**	**Jul 31, 1999**	**Jul 29, 2000**	**Jul 31, 1999**
Net earnings*	**$ 257**	$ 228	**$ 496**	$ 422	**$ 1,259**	$ 1,052	**$ 257**	$ 228	**$ 496**	$ 422	**$ 1,259**	$ 1,052
Less: ESOP net earnings adjustment	**-**	(4)	**-**	(9)	**(9)**	(19)	**-**	(1)	**-**	(2)	**(2)**	(4)
Adjusted net earnings*	**$ 257**	$ 224	**$ 496**	$ 413	**$ 1,250**	$ 1,033	**$ 257**	$ 227	**$ 496**	$ 420	**$ 1,257**	$ 1,048
Weighted average common shares outstanding	**906.6**	882.2	**908.5**	883.5	**895.1**	882.6	**906.6**	882.2	**908.5**	883.5	**895.1**	882.6
Performance shares	**-**	-	**-**	-	**-**	-	**-**	-	**-**	.3	**-**	.8
Stock options	**-**	-	**-**	-	**-**	-	**8.4**	11.1	**9.5**	12.3	**10.2**	11.5
Put options	**-**	-	**-**	-	**-**	-	**.2**	-	**.2**	-	**.1**	-
Assumed conversion of ESOP preferred shares	**-**	-	**-**	-	**-**	-	**-**	39.4	**-**	39.8	**17.0**	40.6
Total common equivalent shares outstanding	**906.6**	882.2	**908.5**	883.5	**895.1**	882.6	**915.2**	932.7	**918.2**	935.9	**922.4**	935.5
Earnings per share*	**$ .28**	$ .25	**$ .55**	$ .46	**$ 1.40**	$ 1.17	**$ .28**	$ .24	**$ .54**	$ .45	**$ 1.36**	$ 1.12

* Before extraordinary charges

Share Repurchase Program

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

In the second quarter and first half of 2000, we repurchased 7.7 and 11.9 million shares of our common stock at a total cost of $229 million ($29.67 per share) and $355 million ($29.90 per share), respectively, net of the premiums from exercised and expired put options. The $6.8 and $13.7 million of premiums received from the sale of put options on 2.3 and 4.5 million shares during the second quarter and first half of 2000, respectively, were recorded in retained earnings. The put options on 4.1 million shares outstanding at the end of second quarter entitle their holders to sell shares of our common stock to us at prices ranging from $27.56 to $37.56 per share on specific dates in August through December 2000.

Since the inception of our share repurchase program, we have repurchased a total of 30.7 million shares of our common stock at a total cost of $943 million ($30.75 per share), net of the premium from exercised and expired put options.

Long-term Debt

<u>Extinguishment</u>

During the second quarter, we repurchased $18 million of long-term debt at a weighted average interest rate of 10.0 percent, resulting in an after-tax loss of $2 million. Also during the second quarter, $300 million of puttable long-term debt was extinguished resulting in an after-tax gain of $3 million. The net impact of these transactions was a $1 million gain (less than $.01 per share).

<u>Issuance</u>

During the first quarter, we issued $500 million of long-term debt bearing interest at 7.50 percent, maturing in February 2005. Subsequent to second quarter 2000, we issued $600 million of additional long-term debt bearing interest at 7.50 percent, maturing in August 2010. The proceeds from these issuances were used for general corporate purposes.

Segment Disclosures (Millions)

Revenues by segment were as follows:

	Three Months Ended			Six Months Ended		
	July 29, 2000	**July 31, 1999**	**% Change**	**July 29, 2000**	**July 31, 1999**	**% Change**
Target	**$ 6,541**	$ 5,952	9.9%	**$ 12,656**	$ 11,434	10.7%
Mervyn's	**940**	950	(1.0)	**1,831**	1,861	(1.6)
Department Stores	**661**	687	(3.9)	**1,328**	1,382	(3.9)
Other	**109**	98	10.3	**182**	168	7.9
Total	**$ 8,251**	$ 7,687	7.3%	**$ 15,997**	$ 14,845	7.8%

Pre-tax segment profit and the reconciliation to pre-tax earnings were as follows:

	Three Months Ended			Six Months Ended		
	July 29, 2000	**July 31, 1999**	**% Change**	**July 29, 2000**	**July 31, 1999**	**% Change**
Target	**$ 478**	$ 430	11.6%	**$ 945**	$ 800	18.2%
Mervyn's	**55**	45	20.3	**101**	90	11.7
Department Stores	**35**	49	(27.8)	**64**	97	(33.4)
Total pre-tax segment profit	**568**	524	8.6	**1,110**	987	12.5
Securitization adjustment (interest equivalent)	**(12)**	(12)		**(24)**	(24)	
Interest expense	**(100)**	(98)		**(196)**	(192)	
Other	**(38)**	(40)		**(83)**	(80)	
Earnings before income taxes and extraordinary items	**$ 418**	$ 374	12.0%	**$ 807**	$ 691	16.8%

MANAGEMENT'S DISCUSSION AND ANALYSIS

TARGET CORPORATION

ANALYSIS OF OPERATIONS

Second quarter 2000 net earnings before extraordinary items were $257 million, or $.28 per share, compared with $228 million, or $.24 per share, for the same period last year. First half 2000 net earnings before extraordinary items were $496 million, or $.54 per share, compared with $422 million, or $.45 per share, on the same basis, for first half 1999. The extraordinary items relate to the early extinguishment of debt and were a $1 million gain (less than $.01 per share), net of tax, in the second quarter and first half of 2000, and a $4 million charge (less than $.01 per share), net of tax, in the second quarter and first half of 1999.

Revenues and Comparable-Store Sales

Total revenues for the quarter increased 7.3 percent to $8,251 million compared with $7,687 million for the same period a year ago. Total comparable-store sales (sales from stores open longer than one year) increased 2.0 percent. Our revenue growth in the second quarter reflected Target's comparable-store sales growth and new store expansion.

Year-over-year changes in comparable-store sales by business segment were as follows:

	Three Months Percentage Change	Six Months Percentage Change
Target	3.2%	3.9%
Mervyn's	(0.8)	(1.3)
Department Stores	(4.9)	(4.9)
Total	2.0%	2.5%

Gross Margin Rate

Our gross margin rate declined slightly, due to the business mix impact of strong growth at Target, our lowest gross margin rate division.

Operating Expense Rate

Our operating expense rate improved slightly, again due to the business mix impact of strong growth at Target, our lowest expense rate division.

Pre-tax Segment Profit

Our second quarter pre-tax segment profit increased 9 percent to $568 million compared with $524 million for the same period a year ago. Pre-tax segment profit in the first half of 2000 increased 13 percent to $1,110 million compared with $987 million for the same period a year ago. Pre-tax segment profit is earnings before LIFO, securitization effects, interest, other expense, and unusual items. Target provided substantially all of our pre-tax profit growth in second quarter 2000 with a 12 percent pre-tax profit increase. Mervyn's pre-tax profit increased 20 percent compared with last year; the Department Stores' pre-tax profit decreased 28 percent due to weak sales performance.

Other Performance Factors

Our proprietary credit programs strategically support our core retail operations and are an integral component of each business segment. Therefore, credit contribution is reflected in each business segment's pre-tax profit. Net of all expenses, including bad debt expense, pre-tax contribution from our credit operations for the second quarter increased over the prior year, principally due to continued growth of the Target Guest Card and improving trends in delinquencies and writeoffs.

Our Consolidated Results of Operations include reductions of finance charge revenue and bad debt expense related to sold securitized receivables. For analytical purposes, the amounts that represent payments to holders of our sold securitized receivables are included in our pre-tax earnings reconciliation in the Notes to Consolidated Financial Statements as "interest equivalent". The total of interest expense and interest equivalent was $112 million and $220 million in the second quarter and first half of 2000, representing a $2 million and $4 million increase, respectively, from last year. For the quarter, the increase was due to higher average funded balances; year-to-date the increase was due to higher average funded balances, partially offset by a lower average portfolio interest rate.

The last-in, first-out (LIFO) provision, included in cost of retail sales, was zero for both second quarter 2000 and 1999. The cumulative LIFO provision was $53 million at July 29, 2000 and January 29, 2000, and $60 million at July 31, 1999.

The estimated annual effective income tax rate was 38.5 percent in the second quarter and first half of 2000, compared to 38.8 percent for the same periods last year.

ANALYSIS OF FINANCIAL CONDITION

Our financial condition remains strong. We continue to fund the growth in our business through a combination of internally generated funds, debt and sold securitized receivables.

Retained securitized receivables increased $211 million, or 16 percent, over last year reflecting continued growth of the Target Guest Card. Inventory increased $98 million, or 3 percent, over last year due to new store growth at Target. The inventory growth was more than fully funded by a $236 million, or 8 percent, increase in accounts payable.

Capital expenditures for the first six months of 2000 were $1,052 million, compared with $863 million for the same period a year ago. Investment in Target accounted for 90 percent of current year capital expenditures.

Our share repurchase program is described in the Notes to Consolidated Financial Statements. The reduction in shares outstanding and incremental interest expense related to the share repurchase program had an insignificant impact on earnings per share.

STORE DATA

During the quarter, we opened a total of 23 new Target stores, including two relocations. At July 29, 2000, our number of stores and retail square feet were as follows:

	Number of Stores			Retail Square Feet*		
	July 29, 2000	**Jan 29, 2000**	**July 31, 1999**	**July 29, 2000**	**Jan 29, 2000**	**July 31, 1999**
Target	**942**	912	881	**107,278**	102,945	98,679
Mervyn's	**267**	267	267	**21,635**	21,635	21,661
Department Stores	**64**	64	63	**14,175**	14,060	13,890
Total	**1,273**	1,243	1,211	**143,088**	138,640	134,230

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

OUTLOOK FOR FISCAL YEAR 2000

We expect our gross margin rate to decline slightly in the second half of the year, principally due to the business mix impact of growth at Target, our lowest gross margin rate division. We expect our operating expense rate to improve slightly as Target, our lowest expense rate division, continues to represent an increasing percentage of our overall business mix. The contribution from our credit operations is also expected to increase for the full year 2000. In light of current business trends and the strength of last year's results, we expect third quarter earnings per share to decline somewhat from last year. We expect our growth in earnings per share to resume in the fourth quarter, and we remain confident in our ability to deliver average annual earnings per share growth of 15 percent over time, despite our outlook for lower double-digit growth in 2000.

The total of interest expense and interest equivalent is expected to be moderately higher than 1999 due to higher average funded balances.

FORWARD-LOOKING STATEMENTS

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

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits

(2).	Not applicable
(3)A.	Restated Articles of Incorporation (as amended July 19, 2000)
(4).	Instruments defining the rights of security holders, including indentures. Registrant agrees to furnish the Commission on request copies of instruments with respect to long-term debt.
(10)A.	Agreement
(11).	Not applicable
(12).	Statements re Computations of Ratios
(15).	Not applicable
(18).	Not applicable
(19).	Not applicable
(22).	Not applicable
(23).	Not applicable
(24).	Not applicable
(27).	Financial Data Schedule

b) Reports on Form 8-K:

Registrant did not file any reports on Form 8-K during the quarter ended July 29, 2000.

Signature

Pursuant to the requirements 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

Dated: September 8, 2000

By: /s/ Douglas A. Scovanner

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

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Exhibit Index

(3)A. Restated Articles of Incorporation (as amended July 19, 2000)

(10)A.	Agreement
(12).	Statements re Computations of Ratios
(27).	Financial Data Schedule

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Exhibit (3)A

ARTICLES OF AMENDMENT
OF
RESTATED ARTICLES OF INCORPORATION
OF
TARGET CORPORATION

The undersigned, James T. Hale, Executive Vice President, General Counsel and Corporate Secretary of Target Corporation, a Minnesota corporation (the "Corporation"), hereby certifies (i) that the first paragraph of Article III of the Corporation's Restated Articles of Incorporation, as amended, has been amended, effective at the close of business on July 19, 2000 (the "Effective Time"), to read in its entirety as follows:

> "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."

(ii) that the remainder of the Restated Articles of Incorporation of the Corporation, as amended, including the second, third and fourth paragraphs of Article III, are hereby unchanged; (iii) that such amendment has been adopted in accordance with the requirements of, and pursuant to, Chapter 302A of the Minnesota Statutes; (iv) that such amendment was adopted pursuant to Section 302A.402, Subd. 3, of the Minnesota Statutes in connection with a two-for-one division of the Corporation's Common Stock; and (v) that such amendment will not adversely affect the rights or preferences of the holders of outstanding shares of any class or series of the Corporation and will not result in the percentage of authorized shares of any class or series that remains unissued after such division exceeding the percentage of authorized shares of that class or series that were unissued before the division.

The division giving rise to the amendment set forth above concerns a two-for-one division of the Common Stock of the Corporation. Such division is being effected as follows:

(i) Effective at the Effective Time, each share of Common Stock outstanding immediately prior to the Effective Time will be split and divided into two shares of Common Stock of the Corporation, par value $0.0833 per share, all of which shall be validly issued, fully paid and nonassessable;

(ii) Each stock certificate or uncertificated book entry statement representing or evidencing a share or shares of Common Stock of the Corporation immediately prior to the Effective Time shall continue to represent or evidence the same number of shares of Common Stock following the Effective Time, but with a par value of $0.0833 per share; and

(iii) One additional share of the authorized but previously unissued Common Stock of the Corporation, par value $0.0833 per share, for each share of Common Stock of the Corporation outstanding immediately prior to the Effective Time shall be distributed on July 19, 2000 to each shareholder of record entitled to receive such distribution. The record date for determining the shareholders of record entitled to receive such stock distribution shall be the close of business on June 30, 2000. With respect to each share of Common Stock, if any, that is first issued and becomes outstanding after the close of business on June 30, 2000, and prior to the Effective Time and remains outstanding at the Effective Time, the additional share resulting from the division of any such share of Common Stock shall be distributed to the first holder to whom such share of Common Stock was issued of record. The shares distributed pursuant to this clause (iii) (other than restricted shares pursuant to incentive plans of the Corporation and shares distributed with respect to shares that are first issued and become outstanding after the close of business on June 30, 2000, and prior to the Effective Time upon the exercise of options) shall be uncertificated shares, provided that any shareholder upon request shall have the right to receive a stock certificate evidencing such shares.

The foregoing Articles of Amendment shall take effect at the Effective Time previously stated herein.

IN WITNESS WHEREOF, I have subscribed my name this 15th day of June, 2000.

/s/

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

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Exhibit (10)A

AGREEMENT

THIS AGREEMENT is made effective as of the 8th day of June, 2000 by and among TARGET CORPORATION, a Minnesota corporation ("Company") and LARRY V. GILPIN ("Executive").

RECITALS

A. Executive is employed by the Company; and

B. The Company and Executive wish to sever the Company's and Executive's relationship as employer and employee respectively, on the terms and conditions thereafter set forth; and

C. The Company maintains an Income Continuance Policy (the "ICP") for which Executive is eligible, the terms and provisions of which Executive has been subject to and is familiar with; and

D. The Company delivered Notice of Termination to Executive on May 15, 2000.

E. The ICP requires a release in writing from Executive; and

F. Executive acknowledges he has been advised and encouraged to review this Agreement with an attorney and is fully aware of the potential rights and remedies he may have as a result of the severance; and

G. Executive and the Company wish to memorialize herein the resolution and settlement of all their respective rights, remedies and obligations whatsoever, flowing from Executive's employment and relationship with the Company and the severance and termination of that employment and relationship.

H. Capitalized terms used, but not defined, in this Agreement shall have the definitions ascribed to them in the ICP.

1. *Employment Severance Date.* Executive's Effective Date of Termination for ICP purposes is June 3, 2000. Executive shall perform duties assigned to him by the Company through June 3, 2000, when the employer-employee relationship of Executive and the Company shall be severed and terminated (the "Employment Severance Date"). Executive's final day on the premises of the Company shall be May 19, 2000. After the Employment Severance Date, Executive shall be considered to be retired from his employment with the Company. As a retired officer of the Company, he shall be entitled to all benefits normally afforded to other retired executives as currently exist or as otherwise modified in the future.

2. *Salary.* Executive shall be paid his regular salary for services rendered as an employee under paragraph 1 hereof through June 3, 2000, subject to all required and voluntary withholdings. Such payments will otherwise be made in accordance with the Company's standard payroll practices as in effect at the time of payment.

3. *Income Continuance Payments.* Executive shall be entitled to income continuance payments aggregating $2,500,512, which shall be paid in fifty-two (52) consecutive biweekly payments pursuant to and subject to the terms and conditions of the ICP, the first payment commencing on the first regular payroll date after the later of (i) the expiration of the revocation period described in Section 23 of this Agreement or (ii) June 2, 2000. The gross amount of each biweekly payment, subject to the terms and conditions of the ICP, shall be $48,086.77. The biweekly amounts shall be reduced for taxes and other amounts required to be withheld by the Company.

4. *Vacation Pay.* The Company shall pay to Executive any unused accrued vacation due Executive as of the Employment Severance Date, subject to all required withholdings.

5. *Health Insurance.* Executive may continue to participate in the Company's medical and dental programs to the extent, if any, permitted by the Company's medical and dental plans (the "Plans"). In

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order to continue such coverage, Executive must maintain continuous coverage under the Plans and pay 102% of the full cost of such Plans. Executive acknowledges that the Company may modify its premium structure, the terms of the Plans and the coverages of the Plans, including the termination of all or part of any Plan. All insurance coverage shall terminate at the earlier of 18 months from the Employment Severance Date or when the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), permits terminations.

6. *Life Insurance.* Executive may take his universal life insurance policy, if any, with him after the Employment Severance Date. In order to continue such policy, he will be required to make all payments with respect to the policy.

7. *Pension Plan - Savings Plan.* Executive's rights, if any, under the Company's Pension Plan and the Target Corporation 401(k) Plan will be determined under the terms of such plans as amended from time to time.

8. *Deferred Compensation Plan.* Executive shall be paid his deferred benefits, if any, under the Target Corporation Deferred Compensation Plan Senior Management Group and the Target Corporation SMG Executive Deferred Compensation Plan pursuant to the terms of such plans as amended from time to time.

9. *Excess Pension Plan.* Executive will be paid his benefits, if any, under the Target Corporation Excess Pension Plan pursuant to the terms of such plan as amended from time to time.

10. *Stock Plan.* Executive's rights under the Dayton Hudson Corporation Executive Long Term Incentive Plans of 1981 and 1999 (collectively, the "LTIP") will be determined under the terms of such plans on the Employment Severance Date. Executive acknowledges that the extension of option exercise periods under Section 6.1(b)(iii) of the LTIP, requires the consent of the Compensation Committee of the Board of Directors. Executive further acknowledges that such consent is in the sole discretion of such Committee. The Company will recommend that the Compensation Committee extend Executive's outstanding stock options such that they shall continue to vest and may be exercised for a period of five years from the Employment Severance Date or ten years and one day after the date of

grant of the option, whichever occurs first; provided, however, that such extension will be contingent upon Executive's compliance with the terms of this Agreement and Executive's stock options may be terminated earlier as provided in paragraph 17 of this Agreement.

11. *Other Benefits.*

On or before the Employment Severance Date, Executive may purchase his company car for a price equal to the value of such car as carried on Target Stores' books at the time of such purchase.

The Company shall reimburse the Executive for financial counseling expenses incurred as of June 3, 2000 under the Financial Counseling Expense Reimbursement perquisite for financial counseling expenses incurred prior to the Employment Severance Date. Eligibility of expenses shall be determined in accordance with the Company's standard policy for reimbursement of such expenses to its officer group.

Except as set forth in this Agreement or as required by law, Executive is entitled to no other employee benefits, fringe benefits or compensation, including, without limitation, any payment from the Company pursuant to its Short-Term Incentive Plan for fiscal year 2000 performance.

12. *No Recruiting.* Executive agrees, unless he has a written agreement signed by the an authorized officer of the Company allowing Executive to recruit persons named in that agreement, the execution of which agreement shall be in the sole discretion of the such officer, that Executive will not recruit for employment, directly or indirectly, any employee of the Company or any subsidiary of the Company, until the later of the dates upon which Executive has the right to (i) receive payments pursuant to paragraph 3 of this Agreement, or (ii) exercise stock options under the LTIP.

13. *Consultation and Cooperation.* Following the Employment Severance Date, the Company may request that Executive consult or cooperate with the Company (including, without limitation, serving as a

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witness or testifying on the Company's behalf without subpoena), and Executive agrees to be available at mutually agreeable times to perform such duties and provide such cooperation in connection with various business and legal matters in which Executive was involved or has knowledge as result of Executive's employment with the Company. In so consulting or cooperating, Executive shall be reimbursed his reasonable out-of-pocket expenses and he shall not be nor represent to anyone that he is an agent of the Company, unless expressly authorized in writing to do so by an authorized officer of the Company.

14. *Directly Competitive Employment.* For purposes of Section II.G of the ICP and paragraph 17 of this Agreement, "Directly Competitive Employment" shall be employment with Best Buy, Wal-Mart, Kohl's, or any entity that controls, is controlled by or is under common control with any of these companies. For purposes of this paragraph 14, "control", "controls" or "controlled by" shall mean having a majority ownership interest or majority voting interest in the other company.

15. *Confidentiality.* Executive understands and agrees that the existence and terms of this Agreement are confidential and are not to be disclosed by Executive to anyone other than Executive's spouse, attorney, financial advisor, tax advisor (each of whom must agree to keep it confidential) or pursuant to court order.

Executive represents and warrants that prior to signing this Agreement he has not disclosed the terms of this Agreement or any information regarding the negotiations or discussions regarding this Agreement to anyone other than his spouse, attorney, financial advisor or tax advisor (each of whom has agreed to keep such information confidential).

Executive recognizes and acknowledges that confidential information of various kinds; including, but not limited to the Company's or any of its subsidiaries' (i) employee and personnel data and information, (ii) present, past and future strategies, plans, and proposals (including, but not limited to, customer, merchandising, marketing and store operation strategies), (iii) financial information, and (iv) present, past and future personnel and labor relations strategies, plans, practices, policies, training programs and goals, are valuable, special and unique assets of the Company. Executive will not, during or after Executive's employment with the Company, disclose or use, or cause or permit to be disclosed or used, any such information, to or by any person, firm, corporation, association or other entity for any reason or purpose other than for the sole benefit of the Company.

Executive represents that he has not removed and will not remove any of the Company's property from the Company's premises. This includes, but is not limited to, business records, manuals, customer lists and records, business forms, personnel lists, information, plans, training materials, and records, information regarding suppliers and vendors, marketing and strategy plans, contracts, contract information, correspondence, computer tapes and diskettes, data processing and other computer reports, and business files.

16. *Detrimental Conduct.* Executive agrees that he will not directly or indirectly in any manner by word or action defame or slander the Company, any subsidiary of the Company, or any of their management or affiliates, or state or utter an untruth or misstatement of fact that affects any of its or their reputations.

17. *Termination of Benefits.* In addition to other remedies available to the Company, in the event Executive breaches any of his obligations under this Agreement, then (i) the Company shall be relieved of all liability and obligation to make any payments under this Agreement, (ii) all of Executive's stock options and rights to receive performance shares and restricted stock shall terminate immediately and (iii) the Company may demand the return of any payments theretofore paid to Executive under paragraph 3. In addition, all of Executive's stock options and rights to receive performance shares and restricted stock shall terminate immediately if Executive engages in "Directly Competitive Employment" as defined in paragraph 14 of this Agreement. Even if payments and benefits are terminated pursuant to this paragraph,

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Executive's obligations under paragraphs 12, 13, 14, 15 and 16 hereof, and the release set forth in paragraph 18 hereof shall remain in full force and effect.

18. *Release.*

A. DEFINITIONS. All words used in this release are intended to have their plain meanings in ordinary English. Specific terms in this release have the following meanings:

1) "Executive" includes Executive and anyone who has or obtains any legal rights or claims through Executive.

2) "Company" includes, as appropriate, any company related to the Company in the present or past, any entity providing insurance to the Company in the present or past, any present or past employee benefit plan sponsored by the Company, the Company's present or past officers, directors, employees and agents and any person who acted on behalf of the Company or on instructions from the Company.

3) "Executive Claims" means all of the rights Executive has now to any relief of any kind from the Company, whether or not Executive knows about the rights or claims, including without limitation:

a. All claims Executive has now arising out of his employment with the Company and his employment termination and all claims that arise out of or that relate to statements or actions of the Company; including, but not limited to, claims relating to breach of contract; unpaid compensation or benefits; breach of the covenant of good faith and fair dealing; promissory or equitable estoppel; breach of fiduciary duty; violation of the Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, Section 1981 of the Civil Rights Act of 1866, the Equal Pay Act of 1963, the Family and Medical Leave Act, the Americans with Disabilities Act, the Minnesota Human Rights Act and other federal, state, and local civil rights or discrimination laws; violation of the Employee Retirement Income Security Act of 1974; violation of the National Labor Relations Act; harassment; retaliation or reprisal; constructive discharge; invasion of privacy; violation of public policy; Executive's conduct as a "whistleblower"; fraud or misrepresentation; defamation; intentional or negligent infliction of emotional distress; negligence; interference with contractual or business relationships; interference with prospective economic advantage; wrongful termination of employment; assault; battery; unlawful employment practices, including all claims or causes of action in tort or contract;[1] and any other conduct prohibited under any federal, state or local statute, ordinance or regulation; and

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1 Any references to government statutes include any amendments to such statutes.

b. All claims for attorneys' fees and costs and other litigation expenses.

B. AGREEMENT TO RELEASE EMPLOYEE CLAIMS. In consideration of the Company having entered into this Agreement, Executive agrees to give up all Executive Claims against the Company as described above. Executive will not bring any lawsuits or make any other demands against the Company based on Executive Claims. The consideration represented by this Agreement exceeds any earned wages or other amounts due and owing to Executive and represents full and fair consideration to Executive for the release of Executive Claims. The Company does not owe Executive anything in addition to what Executive is specifically entitled to pursuant to the terms of this Agreement.

C. ADDITIONAL AGREEMENTS AND UNDERSTANDINGS. Even though the Company has agreed to the terms and conditions of this Agreement to obtain Executive's release of Executive Claims, the Company does not admit that it may be responsible or legally obligated to Executive. In fact, the Company denies that it is responsible or legally obligated for Executive Claims or that it has engaged in any wrongdoing.

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19. *Miscellaneous.* This Agreement shall be binding upon the Company and its successors and assigns and Executive, his heirs, executors, successors and assigns. This Agreement embodies the entire Agreement and understandings between the Company and Executive, and supersedes all prior agreements and understandings (oral or written) between them relating to the subject matter hereof. The terms of this Agreement may only be modified by an agreement in writing signed by Executive and an authorized officer of the Company.

20. *Construction and Applicable Law.* The ICP is intended to be a welfare benefit plan subject to the applicable requirements of ERISA. The ICP and this Agreement shall be administered and construed consistently with that intent. They shall also be construed and administered according to the laws of the State of Minnesota to the extent such laws are not preempted by laws of the United States of America. All controversies, disputes, and claims arising hereunder shall be submitted to the United States District Court for the District of Minnesota.

21. *Severability.* Invalidation of any provision contained in this Agreement, or of the application thereof to any party, by judgment or court order shall in no way affect any of the other provisions hereof or the application thereof to any other party or circumstance and the same shall remain in full force and effect, unless enforcement of this Agreement as so invalidated would be unreasonable or grossly inequitable under all the circumstances or would frustrate the purposes of this Agreement.

22. *Relationship to Income Continuance Plan.* This Agreement is entered into for the purpose of implementing the ICP. The terms of this Agreement are intended to be construed in concert with the terms of the ICP. To the extent there is conflict between the terms of this Agreement and the terms of the ICP, the terms of this Agreement shall prevail.

23. *Revocation.* Executive understands that he may revoke (that is cancel) the release set forth in paragraph 18, if he does so within 15 calendar days of signing this Agreement. Such revocation must be made in a written statement that is hand delivered or post marked within 15 calendar days of the date Executive signs this Agreement and must be addressed to the Corporate Secretary, Target Corporation, 777 Nicollet Mall, Minneapolis, Minnesota 55402. Executive understands that if he mails such a revocation, mailing by certified mail, return receipt requested, is recommended to show proof of mailing.

24. *Remedies.* In the event of a breach or threatened breach by Executive of the provisions of paragraphs 12, 13, 14, 15 or 16 of this Agreement, Company shall be entitled to an injunction restraining Executive from breaching, in whole or in part, any of his duties, obligations, or covenants in those paragraphs. Executive acknowledges that such remedy is appropriate. Nothing in this Agreement shall be construed as prohibiting Company from pursuing any other remedy or remedies available to it for such breach or threatened breach, including but not limited to the other remedies specifically provided for in this Agreement and the recovery of damages, together with costs and attorney's fees.

Please read carefully before signing

- Executive acknowledges that he has been advised and encouraged to consult with an attorney prior to signing this Agreement.
- In agreeing to sign this Agreement, Executive acknowledges that he has not relied on any statements or explanations made by the Company or its attorneys.
- Executive acknowledges that he has been given 21 days (or more) to consider whether to sign this Agreement. Executive acknowledges that if he signs this Agreement before the end of the 21 day period, it was Executive's personal, voluntary decision to do so.

- Executive understands that this Agreement shall not become effective or enforceable until the revocation period has expired. No payment shall be made to Executive until after the revocation period has expired.
- Executive understands that if he revokes this Agreement it will terminate and he will not receive any benefits under this Agreement including, without limitation, the payments set forth in paragraph 3 and the option extension described in paragraph 10.

IN WITNESS WHEREOF the parties have hereto executed this Agreement.

	TARGET CORPORATION	
Date: 6/8/00	By:	/s/
	Title:	James T. Hale Executive Vice President & General Counsel
Date: 6/13/00		/s/
		LARRY V. GILPIN

QuickLinks

AGREEMENT

TARGET CORPORATION

Computations of Ratios of Earnings to Fixed Charges and

Ratios of Earnings to Fixed Charges and Preferred Stock Dividends for the

Six Months Ended July 29, 2000 and July 31, 1999

and for the Five Years Ended January 29, 2000

(Millions of Dollars)

	Six Months Ended		Fiscal Year Ended				
	Jul. 29, 2000	**Jul. 31, 1999**	**Jan. 29, 2000**	**Jan. 30, 1999**	**Jan. 31, 1998**	**Feb. 1, 1997**	**Feb. 3, 1996**
Ratio of Earnings to Fixed Charges:							
Earnings:							
Consolidated net earnings before extraordinary charges	**$ 496**	$ 422	$ 1,185	$ 962	$ 802	$ 474	$ 311
Income taxes	**311**	269	751	594	524	309	190
Total earnings before extraordinary charges	**807**	691	1,936	1,556	1,326	783	501
Fixed charges:							
Interest expense	**215**	202	415	421	437	464	461
Interest portion of rental expense	**35**	33	69	63	59	59	59
Total fixed charges	**250**	235	484	484	496	523	520
Less:							
Capitalized interest	**(14)**	(9)	(16)	(16)	(16)	(16)	(14)
Fixed charges in earnings	**236**	226	468	468	480	507	506
Earnings available for fixed charges	**$ 1,043**	$ 917	$ 2,404	$ 2,024	$ 1,806	$ 1,290	$ 1,007
Ratio of earnings before extraordinary charges to fixed charges	**4.18**	3.91	4.96	4.18	3.65	2.46	1.94
Ratio of Earnings to Fixed Charges and Preferred Stock Dividends:							
Total fixed charges, as above	**$ 250**	$ 235	$ 484	$ 484	$ 496	$ 523	$ 520
Dividends on preferred stock (pre-tax basis)	**—**	15	29	32	35	37	37
Total fixed charges and preferred stock dividends	**250**	250	513	516	531	560	557
Earnings available for fixed charges and preferred stock dividends	**$ 1,043**	$ 917	$ 2,404	$ 2,024	$ 1,806	$ 1,290	$ 1,007
Ratio of earnings before extraordinary charges to fixed charges and preferred stock dividends	**4.18**	3.67	4.69	3.92	3.40	2.30	1.81

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

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FEB-03-2001
JAN-30-2000
JUL-29-2000
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