

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

(MARK ONE)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]
FOR THE FISCAL YEAR ENDED JANUARY 28, 1995
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]
FOR THE TRANSITION PERIOD FROM _____ TO _____
COMMISSION FILE NUMBER 1-6049

DAYTON HUDSON CORPORATION
(Exact name of registrant as specified in its charter)

Minnesota 41-0215170
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

777 Nicollet Mall, Minneapolis, Minnesota 55402-2055
(Address of principal executive offices) (Zip Code)

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

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

TITLE OF EACH CLASS -----	NAME OF EACH EXCHANGE ON WHICH REGISTERED -----
Common Stock, par value \$1 per share	New York Stock Exchange Pacific Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange

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

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to
such filing requirements for the past 90 days.

Yes No

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

Aggregate market value of the voting stock held by non-affiliates of the
Registrant on March 31, 1995 was \$5,491,986,566, based on the closing price
of \$71.50 per share of Common Stock as reported on the New York Stock
Exchange -- Composite Index and \$916.25 per share of Series B ESOP
Convertible Preferred Stock as determined by Duff & Phelps. (Excluded from
this figure is the voting stock held by Registrant's Directors and Executive
Officers.)

Indicate the number of shares outstanding of each of Registrant's classes of
common stock, as of the latest practicable date. April 1, 1995: 71,719,871
shares of common stock, par value \$1.

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of Registrant's 1994 Annual Report to Shareholders are
incorporated into Parts I and II.
2. Portions of Registrant's Proxy Statement dated April 19, 1995 are
incorporated into Part III.

PART I

ITEM 1. BUSINESS.

 The first paragraph of Fourth Quarter Results, Page 17; Analysis of Financial Condition, Page 18; Performance Objectives, Page 19; Internal Credit, Page 20; Business Segments, excluding years 1989-1991, Page 21; Quarterly Results, Page 31; Page 34 and the list of store locations on Page 35 of Registrant's 1994 Annual Report to Shareholders are incorporated herein by reference. Registrant was incorporated in Minnesota in 1902.

ITEM 2. PROPERTIES.

 Leases, Page 25 and the list of store locations on Page 35 of Registrant's 1994 Annual Report to Shareholders are incorporated herein by reference.

ITEM 3. LEGAL PROCEEDINGS.

 Paragraph 2 of Commitments and Contingencies, Page 25 of Registrant's 1994 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, 1995 and their positions and ages, are as follows:

NAME	TITLE	AGE
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Robert J. Ulrich	Chairman, Chief Executive Officer, Chairman of the Executive Committee and Director of Registrant; Chairman and Chief Executive Officer of Target (a division of Registrant)	51
Stephen E. Watson	President and Director of Registrant; Chairman and Chief Executive Officer of the Department Store Division (a division of Registrant)	50
Kenneth B. Woodrow	President of Target	50
Larry V. Gilpin	Senior Vice President, Team, Guest and Community Relations of Target	51
Robert G. McMahon	Senior Vice President, Property Development of Target	46
John E. Pellegrine	Senior Vice President, Marketing of Target	58
Gregg W. Steinhafel	Executive Vice President, Merchandising of Target	40
Paul W. Sausser	President and Chief Operating Officer of Mervyn's (a subsidiary of Registrant)	47
Raj Joneja	Executive Vice President, Merchandising and Marketing of Mervyn's	47
James T. Hale	Senior Vice President, General Counsel and Secretary of Registrant	54
Douglas A. Scovanner	Senior Vice President and Chief Financial Officer of Registrant	39
Gerald L. Storch	Senior Vice President, Strategic Planning of Registrant	38
Edwin H. Wingate	Senior Vice President, Personnel of Registrant	62
JoAnn Bogdan	Controller and Chief Accounting Officer of Registrant	42

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, 1995 is set forth below.

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

Stephen E. Watson President of Registrant since 1990. Chairman and Chief Executive Officer of the Department Store Division from 1985 to 1989 and since 1991. Executive Vice President of Registrant in 1989.

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

Larry V. Gilpin Senior Vice President of Target since 1981.

Robert G. McMahon Senior Vice President of Target since 1991 and Vice President of Target from 1990 to 1991. Prior to joining Target in 1990, Mr. McMahon was Chief Executive Officer of Bartley Lindsay Co., a privately held company that was subject to an involuntary petition filed in June 1990 under Chapter 11 of the Federal Bankruptcy Code.

John E. Pellegrone Senior Vice President of Target since 1988.

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

Paul W. Sauser President and Chief Operating Officer of Mervyn's since 1993 and Senior Vice President and General Merchandise Manager of Target from 1989 to 1993.

Raj Joneja Executive Vice President of Mervyn's since 1994. Vice President of Amcena Corporation (a retail company) from 1989 to 1994.

James T. Hale Senior Vice President, Secretary and General Counsel of Registrant since 1981.

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

Gerald L. Storch Senior Vice President of Registrant since 1993. Principal with McKinsey & Company (a consulting firm) from 1982 to 1993.

Edwin H. Wingate Senior Vice President of Registrant since 1980.

JoAnn Bogdan Controller and Chief Accounting Officer of Registrant since 1993. Assistant Controller of Registrant from 1988 to 1993.

PART II

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

Dividends Declared Per Share and Common Stock Price, Page 31 of Registrant's 1994 Annual Report to Shareholders are incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA.

The data on years 1990-1994 in the Summary Financial and Operating Data (excluding Other Data), Page 33; Notes to Consolidated Financial Statements, Pages 21, 23, 25, 27 and 29-31 (excluding years 1989-1991 on page 21) and the Report of Independent Auditors, Page 32 of Registrant's 1994 Annual Report to Shareholders are incorporated herein by reference.

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

Management's Discussion and Analysis, Pages 14-20; the fourth textual paragraph of Pension Plans, Page 29, and the second and third textual paragraphs of Postretirement Health Care Benefits, Page 30 of Registrant's 1994 Annual Report to Shareholders are incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Pages 21-31 and 33 (excluding years 1989-1991 on Page 21 and years 1984-1989 and Other Data in the Summary Financial and Operating Data on Page 33) and the Report of Independent Auditors, Page 32 of Registrant's 1994 Annual Report to Shareholders are incorporated herein by reference.

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

FINANCIAL DISCLOSURE.

Not Applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Election of Directors, Pages 1-7 and Compliance with Section 16(a) of the Securities Exchange Act of 1934, Page 29 of Registrant's Proxy Statement dated April 19, 1995, are incorporated herein by reference. See also Item X of Part I hereof.

ITEM 11. EXECUTIVE COMPENSATION.

Executive Compensation, Pages 7-13 and Director Compensation, Pages 19-20 of Registrant's Proxy Statement dated April 19, 1995, are incorporated herein by reference.

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

Outstanding Shares and Voting Rights, Pages 27-29 of Registrant's Proxy Statement dated April 19, 1995, is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Not Applicable.

PART IV

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

a) FINANCIAL STATEMENTS:

Consolidated Results of Operations for the Years Ended January 28, 1995, January 29, 1994 and January 30, 1993.

Consolidated Balance Sheets at January 28, 1995 and January 29, 1994.

Consolidated Statements of Cash Flows for the Years Ended January 28, 1995, January 29, 1994 and January 30, 1993.

Consolidated Statements of Common Shareholders' Investment for the Years Ended January 28, 1995, January 29, 1994 and January 30, 1993.

Information which is an integral part of the financial statements: Notes to Consolidated Financial Statements on Pages 21, 23, 25, 27 and 29-31, excluding years 1989-1991 on Page 21, and the Report of Independent Auditors on Page 32 in Registrant's 1994 Annual Report to Shareholders.

FINANCIAL STATEMENT SCHEDULES:

For the Years Ended January 28, 1995, January 29, 1994 and January 30, 1993

II -- Valuation and Qualifying Accounts

b) REPORTS ON FORM 8-K

Not Applicable.

c) EXHIBITS

- (2) Not Applicable
- (3)A. Articles of Incorporation
Incorporated by reference to Exhibit (3)A. to Registrant's Form 10-K Report for the year ended January 30, 1993 ("1992 10-K").
- B. By-Laws, as amended through October 12, 1994.
Incorporated by reference to Exhibit 3 to Registrant's Form 10-Q Report for the quarter ended October 29, 1994 ("Third Quarter 1994 10-Q").
- (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.
- (9) Not Applicable
- (10)A. Executive Incentive Plan (PTOC&EVA(R)) (a)
- B. Director Stock Option Plan of 1995 (b)
- C. Executive Incentive Plan (Personal Score) (c)
- D. Excess Benefit Plan (d)
- E. Supplemental Pension Plan I
- F. Executive Long-Term Incentive Plan of 1981, as amended and restated. (e)
- G. Supplemental Pension Plan II
- H. Supplemental Pension Plan III
- I. Deferred Compensation Plan (f)
- J. Deferred Compensation Plan for Directors (g)
- K. Income Continuance Policy (h)
- L. SMG Income Continuance Policy (i)
- M. SMG Executive Deferred Compensation Plan
- N. Director Deferred Compensation Plan
- (11) Statements re Computation of Per Share Earnings
- (12) Computations of Ratios
- (13) 1994 Annual Report to Shareholders (only those portions specifically incorporated by reference herein shall be deemed filed with the Commission)
- (16) Not Applicable
- (18) Not Applicable
- (19) Not Applicable
- (21) List of Subsidiaries
- (22) Not Applicable
- (23) Consent of Independent Auditors
- (24) Powers of Attorney
- (27) Financial Data Schedule
- (28) Not Applicable
- (99) (I) Registrant's 11-K Report (filed under Form SE)
- (II) Registrant's Proxy Statement dated April 19, 1995 (only those portions specifically incorporated by reference shall be deemed filed with the Commission) (j)

Copies of Exhibits (10)A.-(10)N., (21) and (99)(I) will be furnished upon written request and payment of Registrant's reasonable expenses in furnishing the exhibits.

- (a) Incorporated by reference to Exhibit A to Registrant's Proxy Statement dated April 19, 1995.
- (b) Incorporated by reference to Exhibit B to Registrant's Proxy Statement dated April 19, 1995.
- (c) Incorporated by reference to Exhibit C to Registrant's Form 10-K Report for the year ended January 29, 1994.
- (d) Incorporated by reference to Exhibit (10)D. to Registrant's 1992 10-K.
- (e) Incorporated by reference to Exhibit (10)B. to Registrant's Third Quarter 1994 10-Q.
- (f) Incorporated by reference to Exhibit (10)I. to Registrant's 1992 10-K.
- (g) Incorporated by reference to Exhibit (10)J. to Registrant's 1992 10-K.
- (h) Incorporated by reference to Exhibit (10)A. to Registrant's 1992 10-K.
- (i) Incorporated by reference to Exhibit (10)B. to Registrant's 1992 10-K.
- (j) Incorporated by reference to Registrant's Proxy Statement dated April 19, 1995 (only those portions specifically incorporated by reference shall be deemed filed with the Commission).

(R) EVA is a registered trademark.

SIGNATURES

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

DAYTON HUDSON CORPORATION

By /S/ DOUGLAS A. SCOVANNER

Douglas A. Scovanner
Senior Vice President and
Chief Financial Officer

Dated: April 18, 1995

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 18, 1995

/S/ DOUGLAS A. SCOVANNER

Douglas A. Scovanner
Senior Vice President and
Chief Financial Officer

Dated: April 18, 1995

/S/ J.A. BOGDAN

JoAnn Bogdan
Controller and
Chief Accounting Officer

Dated: April 18, 1995

RAND V. ARASKOG	MICHELE J. HOOPER	
ROBERT A. BURNETT	MARY PATTERSON MCPHERSON	
LIVIO D. DESIMONE	SOLOMON J. TRUJILLO	
ROGER A. ENRICO	ROBERT J. ULRICH	
WILLIAM W. GEORGE	JOHN R. WALTER	
ROGER L. HALE	STEPHEN E. WATSON	Directors
BETTY RUTH HOLLANDER		

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

By /S/ DOUGLAS A. SCOVANNER

Douglas A. Scovanner
Attorney-in-Fact

Dated: April 18, 1995

DAYTON HUDSON CORPORATION AND SUBSIDIARIES
 SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS
 FISCAL YEARS 1994, 1993 AND 1992

(MILLIONS OF DOLLARS)

COLUMN A ----- DESCRIPTIONS -----	COLUMN B ----- BALANCE AT BEGINNING OF PERIOD -----	COLUMN C ----- ADDITIONS CHARGED TO COSTS AND EXPENSES -----	COLUMN D ----- (1) DEDUCTIONS -----	COLUMN E ----- BALANCE AT END OF PERIOD -----
Allowance for Doubtful Accounts				
1994.....	\$35	\$66	\$55	\$46
1993.....	37	53	55	35
1992.....	46	56	65	37

(1) Accounts determined to be uncollectible are charged against reserve, net of collections on accounts previously charged against reserve.

11-28-94
Date Amended: 12-14-94
Effective: 1-1-95

DAYTON HUDSON CORPORATION
SUPPLEMENTAL PENSION PLAN I

ARTICLE I

GENERAL

Sec. 1.1 Name of Plan. The name of the pension plan set forth herein is "Dayton Hudson Corporation Supplemental Pension Plan I" (the "Plan"). It was originally known as the "Dayton-Hudson Corporation Supplemental Pension Plan".

Sec. 1.2 Purpose. The Plan has been established by Dayton Hudson Corporation (the "Company") to provide retirement income that the Dayton Hudson Corporation Employees' Retirement Plan (the "DHC Plan") as in effect from time to time, The Retirement Plan of The J. L. Hudson Company (the "Hudson Plan") as in effect from time to time, the Mervyn's Pension Plan (the "Mervyn's Plan") as in effect from time to time, and the Dayton Hudson Corporation Excess Benefit Plan (the "Excess Plan") as in effect from time to time cannot provide to certain Participants in such plans because of the limitations imposed by the Internal Revenue Code of 1986, as amended from time to time, relative to using deferred compensation in connection with computing pension benefits under qualified plans. The Plan is intended to be a "top hat plan" as defined in Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended from time to time, ("ERISA") and shall be interpreted and administered accordingly.

Sec. 1.3 Qualified Plan. Each of the DHC Plan, the Hudson Plan and the Mervyn's Plan is sometimes referred to herein as a "Qualified Plan".

Sec. 1.4 Participation. An employee of the Company or a subsidiary of the Company becomes and remains a Participant in this Plan only if he is a Participant in the DHC Plan and/or the Hudson Plan and/or the Mervyn's Plan, and only if he is a member of a select group of management of the Company or a subsidiary of the Company and is a highly compensated employee of the Company or a subsidiary of the Company. In order to meet the criteria of being a member of a select group of management of the Company or a subsidiary of the Company and being a highly compensated employee of the Company or a subsidiary of the Company, the employee must be designated a member of the Senior Management Group ("SMG") by the Chief Executive Officer of the Company or of an equivalent rank on any revised classification system.

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

ARTICLE II

PENSION BENEFITS

Sec. 2.1 Amount of Pension. Each Participant in this Plan shall be entitled to a pension under this Plan that is the actuarial equivalent of the excess, if any, of (a) the pension the Participant would be entitled under the benefit formula of the Qualified Plans applied (i) without respect to the maximum benefit limitations in said Plans required by Section 415 of the Internal Revenue Code of 1986, as amended from time to time, (ii) as if Section 4.7(b) of the Qualified Plans read as follows:

"Any bonus earned by a Participant pursuant to a plan or policy of the Company, that is paid in a calendar year other than the calendar year in which such bonus would normally be paid under such plan or policy, shall be included in Certified Earnings in the year it

normally would be paid, be valued at the amount of bonus that would have been paid in that year and shall not be included in Certified Earnings in the year it is paid",

for each year the Participant was a Participant in this Plan, and (iii) as if Section 4.7 of the Qualified Plans included in Certified Earnings for a Plan Year compensation that would have been paid in that year in the absence of an election to defer payment of the compensation to a later date pursuant to the provisions of a deferred compensation plan, over (b) the pension the Participant is entitled to receive from the Qualified Plans and the Excess Plan.

Sec. 2.2 Method of Payment. The pension payable under this Plan shall be paid in a single sum at such time during the calendar year next following the calendar year in which the Participant's Termination of Employment occurs as may be determined by the administrative committee under the DHC Plan. Actuarial equivalents under this Plan shall be determined by the Actuary for the Qualified Plans using such factors and assumptions as the Actuary considers appropriate for the purpose.

Sec. 2.3 Vesting. A Participant is entitled to benefits under this Plan for deferrals of compensation made after January 1, 1993 only if:

a) The Participant has a termination of employment after age 55 and is entitled to a pension under the DHC Plan, the Hudson's Plan or the Mervyn's Plan; or

b) The Participant's termination of employment occurred because of a reduction in force; or

c) The Participant's termination of employment is a result of a written mutual agreement that contains a release in the form determined by the Company.

ARTICLE III

MISCELLANEOUS

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

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

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

Sec. 3.4 Administration. The administrative committee under the DHC Plan shall control and manage the operations and administration of this Plan and make all decisions and determinations incident thereto.

Sec. 3.5 Claims Procedure. The administrative committee under the DHC Plan shall establish a claims procedure consistent with ERISA requirements.

ARTICLE IV

AMENDMENT, TERMINATION AND APPLICABLE LAW

Sec. 4.1 Amendment and Termination. This Plan may be amended or terminated by the Board of Directors of the Company at any time. No amendment or termination shall adversely affect a benefit to which a Participant is entitled under Article II prior to the effective date of such amendment or termination, unless the Participant becomes entitled to an amount equal to

or greater than such benefit under another plan or practice adopted by the Company, as a substitute to this Plan.

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

11-29-94
Date Adopted: 12-14-94
Effective: 1-1-95

DAYTON HUDSON CORPORATION
SUPPLEMENTAL PENSION PLAN II

ARTICLE I

GENERAL

Sec. 1.1 Name of Plan. The name of the pension plan set forth herein is "Dayton Hudson Corporation Supplemental Pension Plan II" (the "Plan").

Sec. 1.2 Purpose. The Plan has been established by Dayton Hudson Corporation (the "Company") to provide retirement income that the Dayton Hudson Corporation Employees' Retirement Plan (the "DHC Plan") as in effect from time to time, The Retirement Plan of The J. L. Hudson Company (the "Hudson Plan") as in effect from time to time, the Mervyn's Pension Plan (the "Mervyn's Plan") as in effect from time to time, the Dayton Hudson Corporation Excess Benefit Plan (the "Excess Plan") as in effect from time to time, and the Dayton Hudson Corporation Supplemental Pension Plan I ("Supplemental Pension Plan I") as in effect from time to time cannot provide to certain Participants in such plans because of the limitations imposed by the Internal Revenue Code of 1986, as amended from time to time, relative to compensation above a certain maximum in connection with computing pension benefits under qualified plans. The Plan is intended to be a "top hat plan" as defined in Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended from time to time, ("ERISA") and shall be interpreted and administered accordingly.

Sec. 1.3 Qualified Plan. Each of the DHC Plan, the Hudson Plan and the Mervyn's Plan is sometimes referred to herein as a "Qualified Plan".

Sec. 1.4 Participation. An employee of the Company or a subsidiary of the Company becomes and remains a Participant in this Plan only if he is a Participant in the DHC Plan and/or the Hudson Plan and/or the Mervyn's Plan, and only if he is a member of a select group of management of the Company or a subsidiary of the Company and is a highly compensated employee of the Company or a subsidiary of the Company. In order to meet the criteria of being a member of a select group of management of the Company or a subsidiary of the Company and being a highly compensated employee of the Company or a subsidiary of the Company, the employee must be designated a member of the Senior Management Group ("SMG") by the Chief Executive Officer of the Company or of an equivalent rank on any revised classification system.

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

ARTICLE II

PENSION BENEFITS

Sec. 2.1 Amount of Pension. Each Participant in this Plan shall be entitled to a pension under this Plan that is the actuarial equivalent of the excess, if any, of (a) the pension the Participant would be entitled under the benefit formula of the Qualified Plans applied (i) without respect to the maximum benefit limitations in said Plans required by Section 415 of the Internal Revenue Code of 1986, as amended from time to time, (ii) as if Section 4.7(b) of the Qualified Plans read as follows:

"Any bonus earned by a Participant pursuant to a plan or policy of the Company, that is paid in a calendar year other than the calendar year in which such bonus would normally be paid under such plan or policy, shall be included in Certified Earnings in the year it

normally would be paid, be valued at the amount of bonus that would have been paid in that year and shall not be included in Certified Earnings in the year it is paid",

for each year the Participant was a Participant in this Plan, (iii) as if Section 4.7 of the Qualified Plans included in Certified Earnings for a Plan Year compensation that would have been paid in that year in the absence of an election to defer payment of the compensation to a later date pursuant to the provisions of a deferred compensation plan, and (iv) without respect to the maximum compensation limitation in said Qualified Plans required by Section 401(a)(17) of the Internal Revenue Code of 1986, as amended from time to time, over (b) the pension the Participant is entitled to receive from the Qualified Plans, the Excess Plan and Supplemental Pension Plan I and/or would have been entitled to receive from Supplemental Pension Plan I had the Participant been vested.

Sec. 2.2 Method of Payment. The pension payable under this Plan shall be paid in a single sum at such time during the calendar year next following the calendar year in which the Participant's Termination of Employment occurs as may be determined by the administrative committee under the DHC Plan. Actuarial equivalents under this Plan shall be determined by the Actuary for the Qualified Plans using such factors and assumptions as the Actuary considers appropriate for the purpose.

ARTICLE III

MISCELLANEOUS

Sec. 3.1 Unfunded. Pensions under this Plan shall be unfunded. No person entitled to a benefit under this Plan shall, by virtue of this Plan, have any interest in any specific asset or

assets of the Company. Such persons have only an unsecured contract right to receive payments in accordance with this Plan.

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

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

Sec. 3.4 Administration. The administrative committee under the DHC Plan shall control and manage the operations and administration of this Plan and make all decisions and determinations incident thereto.

Sec. 3.5 Claims Procedure. The administrative committee under the DHC Plan shall establish a claims procedure consistent with ERISA requirements.

ARTICLE IV

AMENDMENT, TERMINATION AND APPLICABLE LAW -----

Sec. 4.1 Amendment and Termination. This Plan may be amended or terminated by the Board of Directors of the Company at any time. No amendment or termination shall adversely affect a benefit to which a Participant is entitled under Article II prior to the effective date of such amendment or termination, unless the Participant becomes entitled to an amount equal to or greater than such benefit under another plan or practice adopted by the Company, as a substitute to this Plan.

Sec. 4.2 Applicable Law. The provisions of this Plan shall be construed and enforced according to the laws of the State of Minnesota to the extent that such laws are not preempted

by the laws of the United States of America. All controversies, disputes, and claims arising hereunder shall be submitted to the United States District Court for the District of Minnesota.

11-29-94
Date Amended: 12-14-94
Effective: 1-1-95

DAYTON HUDSON CORPORATION
SUPPLEMENTAL PENSION PLAN III

ARTICLE I

GENERAL

Sec. 1.1 Name of Plan. The name of the pension plan set forth herein is "Dayton Hudson Corporation Supplemental Pension Plan III" (the "Plan"). It was originally known as the "Dayton-Hudson Corporation Supplemental Pension Plan II".

Sec. 1.2 Purpose. The Plan has been established by Dayton Hudson Corporation (the "Company") to provide retirement income in addition to the retirement income provided by the Dayton Hudson Corporation Employees' Retirement Plan (the "DHC Plan") as in effect from time to time, The Retirement Plan of The J. L. Hudson Company (the "Hudson Plan") as in effect from time to time, the Mervyn's Pension Plan (the "Mervyn's Plan") as in effect from time to time, the Dayton Hudson Corporation Excess Benefit Plan (the "Excess Plan") as in effect from time to time, the Dayton Hudson Corporation Supplemental Pension Plan I ("Supplemental Pension Plan I") as in effect from time to time, and the Dayton Hudson Corporation Supplemental Pension Plan II ("Supplemental Pension Plan II") as in effect from time to time to certain Participants in such plans. The Plan is intended to be a "top hat plan" as defined in Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended from time to time, ("ERISA") and shall be interpreted and administered accordingly.

Sec. 1.3 Qualified Plan. Each of the DHC Plan, the Hudson Plan and the Mervyn's Plan is sometimes referred to herein as a "Qualified Plan".

Sec. 1.4 Participation. An employee of the Company or a subsidiary of the Company becomes and remains a Participant in this Plan only if he is a Participant in the DHC Plan and/or the Hudson Plan and/or the Mervyn's Plan, only if he is at least age 55 and only if he is a member of a select group of management of the Company or a subsidiary of the Company and is a highly compensated employee of the Company or a subsidiary of the Company. In order to meet the criteria of being a member of a select group of management of the Company or a subsidiary of the Company and being a highly compensated employee of the Company or a subsidiary of the Company, the employee must be designated a member of the Senior Management Group ("SMG") by the Chief Executive Officer of the Company or of an equivalent rank on any revised classification system and have a grade 32 or higher under the Company's compensation grading system or an equivalent grade on any revised grading system.

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

ARTICLE II

PENSION BENEFITS

Sec. 2.1 Amount of Pension. Each Participant in this Plan who has a Termination of Employment under a Qualified Plan after age 55 and who is not entitled to payments under an Income Continuance Plan or Policy of the Company and/or a subsidiary of the Company, shall be entitled to a pension under this Plan that is the actuarial equivalent of the excess, if any, of (a) the pension the Participant would be entitled under the benefit formula of the Qualified Plans

applied (i) without respect to the maximum benefit limitations in said Plans required by Section 415 of the Internal Revenue Code of 1986, as amended from time to time, (ii) as if Section 4.7(b) of the Qualified Plans read as follows:

"Any bonus earned by a Participant pursuant to a plan or policy of the Company, that is paid in a calendar year other than the calendar year in which such bonus would normally be paid under such plan or policy, shall be included in Certified Earnings in the year it normally would be paid, be valued at the amount of bonus that would have been paid in that year and shall not be included in Certified Earnings in the year it is paid",

for each year the Participant was a Participant in the Supplemental Pension Plan I, (iii) as if Section 4.7 of the Qualified Plans included in Certified Earnings for a Plan Year compensation that would have been paid in that year in the absence of an election to defer payment of the compensation to a later date pursuant to the provisions of a deferred compensation plan, (iv) without respect to the maximum compensation limitation in said Qualified Plans required by Section 401(a)(17) of the Internal Revenue Code of 1986, as amended from time to time, and (v) as if the Participant at Termination of Employment was, for purposes of applying Appendix B of the Qualified Plans, five years older than his actual age (except that no Participant shall be deemed at Termination of Employment to be older than his age on the 65th anniversary of the date of his birth) over (b) the pension the Participant is entitled to receive from the Qualified Plans, the Excess Plan, Supplemental Pension Plan I and Supplemental Pension Plan II.

Sec. 2.2 Method of Payment. The pension payable under this Plan shall be paid in a single sum at such time during the calendar year next following the calendar year in which the Participant's Termination of Employment occurs as may be determined by the administrative

committee under the DHC Plan. Actuarial equivalents under this Plan shall be determined by the Actuary for the Qualified Plans using such factors and assumptions as the Actuary considers appropriate for the purpose.

ARTICLE III

MISCELLANEOUS

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

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

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

Sec. 3.4 Administration. The administrative committee under the DHC Plan shall control and manage the operations and administration of this Plan and make all decisions and determinations incident thereto.

Sec. 3.5 Claims Procedure. The administrative committee under the DHC Plan shall establish a claims procedure consistent with ERISA requirements.

ARTICLE IV

AMENDMENT, TERMINATION AND APPLICABLE LAW

Sec. 4.1 Amendment and Termination. This Plan may be amended or terminated by the Board of Directors of the Company at any time. No amendment or termination shall adversely affect a benefit to which a Participant is entitled under Article II prior to the effective date of such amendment or termination, unless the Participant becomes entitled to an amount equal to or greater than such benefit under another plan or practice adopted by the Company, as a substitute to this Plan.

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

11-29-94
Adopted: 12-14-94
Effective: 1-1-97

DAYTON HUDSON CORPORATION
SMG EXECUTIVE DEFERRED COMPENSATION PLAN

ARTICLE I
GENERAL

Sec. 1.1 Name of Plan. The name of the Plan set forth herein is the Dayton Hudson Corporation SMG Executive Deferred Compensation Plan. It is referred to herein as the "Plan".

Sec. 1.2 Purpose. The purpose of the Plan is to provide a means whereby Dayton Hudson Corporation (the "Company") may afford financial security to a select group of employees of the Company and its subsidiaries who have rendered and continue to render valuable services to the Company or its subsidiaries and who make an important contribution towards the Company's continued growth and success, by providing for additional future compensation so that such employees may be retained and their productive efforts encouraged.

Sec. 1.3 Effective Date. The Effective Date of the Plan is January 1, 1997.

Sec. 1.4 Company. "Company" means all of the following:

- (a) Dayton Hudson Corporation, a Minnesota corporation.
- (b) Any successor of Dayton Hudson Corporation (whether direct or indirect, by purchase of a majority of the outstanding voting stock of Dayton Hudson Corporation or all or substantially all of the assets of Dayton Hudson Corporation, or by merger, consolidation or otherwise).
- (c) Any person that becomes liable for the obligations hereunder of the entities specified in (a) and (b) above by operation of law.

Sec. 1.5 Participating Employers. The Company is a Participating Employer in the Plan. With the consent of the Company, by action of the Board or any duly authorized officer, any wholly-owned subsidiary of the Company may, by action of its board of directors or any duly authorized officer, also become a Participating Employer in the Plan effective as of the date specified by it in its adoption of the Plan; but the subsidiary shall cease to be a Participating Employer on the date it ceases to be a wholly-owned subsidiary of the Company. The other Participating Employers on the Effective Date are:

Dayton's Commercial Interiors, Inc. (Minnesota)
Dayton's Travel Service, Inc. (Minnesota)
Mervyn's (California)
DHC Milwaukee, Inc. (Wisconsin)
DHC Wisconsin, Inc. (Wisconsin)
Marshall Field & Company (Delaware)
Marshall Field Stores, Inc. (Delaware)
Retailers National Bank

Sec. 1.6 Construction and Applicable Law. The Plan is intended to be an unfunded benefit plan maintained for the purpose of providing deferred compensation for a select group of management or highly compensated employees, subject to the applicable requirements of ERISA. The Plan shall be administered and construed consistently with said intent. It 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.

Sec. 1.7 Rules of Construction. The Plan shall be construed in accordance with the following:

- (a) Headings at the beginning of articles and sections hereof are for convenience of reference, shall not be considered as part of the text of the Plan, and shall not influence its construction.
- (b) Capitalized terms used in the Plan shall have their meaning as defined in the Plan unless the context clearly indicates to the contrary.
- (c) All pronouns and any variations thereof shall be deemed to refer to the masculine or feminine as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.
- (d) 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) 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.

ARTICLE II
DEFINITIONS

Sec. 2.1 Base Salary. "Base Salary" is the salary an Employee is expected to earn in a Benefit Deferral Period, assuming the Employee is employed for the full Benefit Deferral Period.

Sec. 2.2 Beneficiary. "Beneficiary" means the person or persons designated as such in accordance with Article VI.

Sec. 2.3 Benefit Deferral Period. "Benefit Deferral Period" means that period of one Plan Year as determined pursuant to Article IV over which a Participant defers a portion of such Participant's Base Salary and/or Bonus.

Sec. 2.4 Bonus. "Bonus" is the bonus, under any bonus plan of a Participating Employer. Any part of a "Bonus" earned in a Benefit Deferral Period, but otherwise payable in the year following the Benefit Deferral Period is governed by the deferral election made for the Benefit Deferral Period.

Sec. 2.5 Board. "Board" means the board of directors of the Company, and includes any committee thereof authorized to act for said board of directors.

Sec. 2.6 Continuing Participating Salary. "Continuing Participating Salary" shall be set by the Vice President of Personnel. The "Continuing Participating Salary" shall be within \$1,000 of 1.25 times the amount determined under Code Section 414(q)(1)(C). The amount is \$50,000 (as indexed for cost of living increases for each calendar year after 1987 as provided in the applicable Treasury regulations) for the prior year.

Sec. 2.7 Credited Service. "Credited Service" of a Participant means the number of years of service for vesting purposes a Participant would have under the applicable defined benefit pension plan of the Company and/or a Participating Employer.

Sec. 2.8 Crediting Rate Alternative. "Crediting Rate Alternative" means the S&P Crediting Rate or the Variable Interest Crediting Rate.

Sec. 2.9 Cumulative Deferral Amount. "Cumulative Deferral Amount" means the total cumulative amount by which a Participant's Base Salary and/or Bonus must be reduced over the period prescribed in Section 4.1. If for a Plan Year a Matching Allocation for a Participant pursuant to the SRSP cannot be made because the Before Tax Deposits or After Tax Deposits elected by the Employee are reduced to comply with the provisions of the SRSP, "Cumulative Deferral Amount" also includes the amount of the Matching Allocation that cannot be made. "Cumulative Deferral Amount" also includes amounts transferred from the HCCAP.

Sec. 2.10 Deferral Account. "Deferral Account" means the accounts maintained on the books of account of the Company pursuant to Section 4.2.

Sec. 2.11 Employee. "Employee" means any person employed by a Participating Employer on a salaried basis.

Sec. 2.12 Enhancement. "Enhancement" means an additional .1667% per month added to the S&P Crediting Rate and the Variable Interest Crediting Rate.

Sec. 2.13 Enrollment Agreement. "Enrollment Agreement" means the written agreement entered into by the Company and an Employee pursuant to which the Employee becomes a Participant in the Plan. In the sole discretion of the Company, authorization forms filed by any Participant by which the Participant makes the elections provided for by this Plan may be treated as a completed and fully executed Enrollment Agreement for all purposes under the Plan.

Sec. 2.14 ERISA. "ERISA" means the Employee Retirement Income Security Act of 1974 as from time to time amended.

Sec. 2.15 HCCAP. "HCCAP" is the Company's Highly Compensated Capital Accumulation Plan.

Sec. 2.16 Initial Participating Salary. "Initial Participating Salary" shall be set by the Vice President of Personnel. The "Initial Participating Salary" shall be within \$1,000 of 1.3 times the amount determined under Code Section 414(q). The amount is \$50,000 (as indexed for cost of living increases for each calendar year after 1987 as provided in the applicable Treasury regulations) for the prior year. For 1995 the amount is \$85,000.

Sec. 2.17 Named Fiduciary. The Company and the Vice President of Personnel are a "Named Fiduciary" for purposes of ERISA with authority to control and manage the operation and administration of the Plan. Other persons are also Named Fiduciaries under ERISA if so provided thereunder or if so identified by the Company, by action of the Board or the Chief Executive Officer. Such other person or persons shall have such authority to control or manage the operation and administration of the Plan as may be provided by ERISA or as may be allocated by the Company, by action of the Board or the Chief Executive Officer or the Vice President of Personnel.

Sec. 2.18 Participant. "Participant" means an eligible Employee who has filed a completed and executed Enrollment Agreement or authorization form with the Company and is participating in the Plan in accordance with the provisions of Article IV. "Participant" also means an Employee of the Company who has a Cumulative Deferral Amount based on Matching Allocation that could not be made to the SRSP.

Sec. 2.19 Person. "Person" means an individual, partnership, corporation, estate, trust, or other entity.

Sec. 2.20 Plan Year. "Plan Year" means the period commencing with the Effective Date and ending December 31, 1997 and each subsequent calendar year.

Sec. 2.21 Reduced Salary. "Reduced Salary" is the salary below which a Participant can not reduce his or her Base Salary. The "Reduced Salary" for a Benefit Deferral Period shall be set by the Vice President of Personnel. The "Reduced Salary" shall be within \$1,000 of the amount expected to be determined under Code Section 414(q)(1)(C). The amount is \$50,000 (as indexed for cost of living increases for each calendar year after 1987 as provided in the applicable Treasury regulations) for the year. For 1995 the amount is \$68,000.

Sec. 2.22 S&P Crediting Rate. "S&P Crediting Rate" means the earnings or losses for a month on the S&P Index Fund of the SRSP.

Sec. 2.23 SMG. A "SMG" is a member of the Senior Management Group of the Company or a Participating Employer, as that term is defined by the Vice President of Personnel.

Sec. 2.24 SRSP. "SRSP" is the Dayton Hudson Corporation Supplemental Retirement, Savings, and Employee Stock Ownership Plan.

Sec. 2.25 Termination of Employment. The "Termination of Employment" of an employee from his Participating Employer for purposes of the Plan shall be deemed to occur upon his or her resignation, discharge, retirement, death, failure to return to active work at the end of an authorized leave of absence or the authorized extension or extensions thereof, failure to return to work when duly called following a temporary layoff, or upon the happening of any other event or circumstance which, under the policy of his Participating Employer as in effect from time to time, results in the termination of the employer-employee relationship; provided, however, that "Termination of Employment" shall not be deemed to occur upon a transfer between any combination of Participating Employers, affiliates, and predecessor employers.

Sec. 2.26 Variable Interest Crediting Rate. "Variable Interest Crediting Rate" means the earnings or losses for a month on the Variable Interest Fund of the SRSP.

Sec. 2.27 Year of Vesting. A "Year of Vesting" is a full year of participation under HCCAP or a full year of participation in a deferred compensation plan of the Company.

ARTICLE III
ELIGIBILITY

Sec. 3.1 Eligibility. An Employee shall be a Participant while, and only while, he or she is a regular employee of a Participating Employer, subject to the following:

- (a) An Employee will become a Participant only if he or she has a Base Salary equal to or greater than the Initial Participating Salary.
- (b) An Employee must be an SMG, or he or she cannot become a Participant.

- (c) If an employee's Base Salary is below the Continuing Participating Salary, he or she will continue to be a Participant, but no further deferrals will be allowed and no SRSP match will be added to the Cumulative Deferral Amount.
- (d) The employee must sign an enrollment and insurance consent form, in the form that the Company determines in order to defer Base Salary and/or Bonus. The insurance consent form will allow Company to purchase life insurance on the employee with the Company as beneficiary.

Sec. 3.2 No Guarantee of Employment. Participation in the Plan does not constitute a guarantee or contract of employment with any Participating Employer. Such participation shall in no way interfere with any rights a Participating Employer would have in the absence of such participation to determine the duration of the employee's employment.

ARTICLE IV
PARTICIPATION AND BENEFITS

Sec. 4.1 Election to Participate. Any Employee of a Participating Employer who is eligible to participate may enroll in the Plan by filing a completed and fully executed Enrollment Agreement or authorization form with the Company. Pursuant to said Enrollment Agreement or authorization form, the Employee shall irrevocably designate a dollar amount by which the Base Salary and/or the percentage of the Bonus of such Participant would be reduced over the Benefit Deferral Period next following the execution of the Enrollment Agreement, provided, however, that:

- (a) Minimum Deferral. The reduction of Base Salary for any Plan Year shall not be less than Five Thousand Dollars (\$5,000.00).
- (b) Reduction in Earnings. Except as otherwise provided in this Section 4.1, the Base Salary and/or Bonus of the Participant for the Benefit Deferral Period shall be reduced by the amount specified in the Enrollment Agreement (including any authorization form) applicable to such Plan Year.
- (c) Maximum Reduction in Earnings. A Participant may not elect a Cumulative Deferral Amount that would cause the reduction in Base Salary in any Plan Year to exceed eighty percent (80%) of the Base Salary and ninety percent (90%) of the Bonus payable during such Plan Year plus the amount of any payout made pursuant to Section 5.2, or such greater amount or percent of base pay and/or incentive pay or greater total amount as the Company may permit in its sole discretion. In no event can Base Salary be reduced below Reduced Salary. In the event that a Participant elects a Cumulative Deferral Amount that would violate the limitation described in this paragraph (c), the election shall be valid except that the Cumulative Deferral Amount so elected shall automatically be reduced to

comply with such limitation, whichever is most appropriate in the sole discretion of the Company.

Sec. 4.2 Deferral Accounts. The Company shall establish and maintain separate Deferral Accounts for each Participant. The amount by which a Participant's Base Salary or Bonus are reduced pursuant to Section 4.1 shall be credited by the Company to the Participant's Deferral Accounts at the end of the month in which such Base Salary or Bonus would otherwise have been paid. The Participant's Deferral Account shall be credited with the annual SRSP lost Matching Allocation on the last day of February following the year of the lost Matching Allocation. Such Deferral Accounts shall be debited by the amount of any payments made by the Company to the Participant or the Participant's Beneficiary pursuant to this Plan. A separate Deferral Account shall be maintained for each type of deferral election made and for each Crediting Rate Alternative.

Sec. 4.3 HCCAP. All persons who become Participants in this Plan on January 1, 1997 will have the balance of their HCCAP Account transferred to this Plan effective January 1, 1997. All persons who become Participants in this Plan after January 1, 1997 will have the balance in their HCCAP account transferred on the January 1 they become Participants. The Deferral Accounts transferred from HCCAP will be paid in immediate lump sum payouts after Termination of Employment.

Sec. 4.4 Crediting Rate Alternatives. The Participant shall select the Crediting Rate Alternatives, using full percentages, that are to be applied to his or her Deferral Accounts. Participants may change their Crediting Rate Alternatives quarterly (January, April, July or October) by completing a Rate of Return Alternative Change Form. The Change Form must be received by the Compensation Department of the Company at least fifteen days and not more than forty days before the beginning of the applicable quarter. If a Participant does not make an election, the Crediting Rate Alternative will be the S&P Crediting Rate.

Sec. 4.5 Benefit Payment Elections. At the time a Participant executes an Enrollment Agreement, he or she must also elect the method of benefit payment and the time to start the benefit. The elections are to be made for each Plan Year.

- (a) Method of Benefit Payment. Benefits for each Plan Year can be paid in a lump sum, five annual installments or ten annual installments.
- (b) Commencement of Benefit. The benefit for each Plan Year may be started as soon as possible following Termination of Employment or one year following Termination of Employment.

Sec. 4.6 Crediting. Each Deferral Account will be credited at the end of a month at the following rates on the balance in the Deferral Account on the first day of the month.

- (a) Employee. Each Deferral Account of an Employee will be credited using the Crediting Rate Alternative plus the Enhancement.
- (b) Terminated Employee. Each Deferral Account of an Employee who has had a Termination of Employment will be credited using the Crediting Rate Alternative.
- (c) Vesting. Each Employee who has a Termination of Employment and does not have five Years of Vesting will have his or her Deferral Accounts revalued using only the Crediting Rate Alternative and not receiving the Enhancement. Provided, however, if an Employee's Termination of Employment is because of death or permanent and total disability, the Employee will be treated as if he or she have five years of vesting.

Sec. 4.7 Time of Payment. If a Participant has a Termination of Employment after age fifty-five or an involuntary termination after age fifty with ten years of Credited Service, the participant's Deferral Accounts will be paid pursuant to his or her elections. If a Participant has a Termination of Employment that does not qualify under the first sentence of this section, the Participant's Deferral Accounts will be paid in a lump sum as soon as possible following Termination of Employment.

Sec. 4.8 Statement of Accounts. The Company shall submit to each Participant, within one hundred twenty days after the close of each Plan Year, a statement in such form as the Company deems desirable, setting forth the balance standing to the credit of each Participant in his Deferral Accounts.

ARTICLE V
CERTAIN BENEFIT PAYMENTS

Sec. 5.1 Termination of Enrollment in Plan. With the written consent of the Company, a Participant may terminate his or her enrollment in the Plan by filing with the Company a written request to terminate enrollment. The Company will consent to the termination of a Participant's enrollment in the Plan in the event of an unforeseeable financial emergency of the Participant. An unforeseeable financial emergency shall mean an unexpected need for cash arising from an illness, casualty loss, sudden financial reversal or other such unforeseeable occurrence. Cash needs arising from foreseeable events such as the purchase of a house or education expenses for children shall not be considered to be the result of an unforeseeable financial emergency. Upon termination of enrollment, no further reductions shall be made in the Participant's Base Salary or Bonus pursuant to his or her Enrollment Agreement, and the Participant shall immediately cease to be eligible for any benefits under the Plan other than payments from his or her Deferral Accounts. In its sole discretion, the Committee may pay the Deferral Accounts on a date earlier than the Participant's Termination of Employment with the Participating Employer, in which event the amounts shall be calculated as if the Participant had a Termination of Employment with the Participating Employer on the date of such payment.

Following termination of enrollment in the Plan, a Participant's Deferral Account shall be credited at the Crediting Rate Alternative with no Enhancement.

Sec. 5.2 Early Payment. The Company shall pay to the Participant, if he is an Employee of the Company or a Participating Employer, the amount by which the Participant's Base Salary and/or Bonus were reduced in any Plan year pursuant to Section 4.1 during the eighth (8th) year following the Plan Year ("Early Payment"), provided that such amount has not previously been paid out under other provisions of the Plan. Such Early Payment shall not include any amounts credited to the Participant's Deferral Account pursuant to Section 4.6 or the SRSP Lost Matching Contribution. Notwithstanding any other provisions of this Plan, the Participant may elect prior to the beginning of any year in which such an Early Payment will be made to him or her to deposit all or a part of such amount in his or her Deferral Accounts.

Sec. 5.3 Survivor Benefits

- (a) Death While Employed. If a Participant dies while employed by a Participating Employer, the Company will pay the amount in his or her Deferral Accounts to the Participant's Beneficiary as soon as possible after death in a lump sum.
- (b) Death After Termination of Employment. If a Participant dies after Termination of Employment, and has not received all of his or her payments, and the Participant's Beneficiary is his or her spouse, payments shall be made to the spouse pursuant to the Participant's payout elections. If the Participant's spouse dies before receiving all payments, the remaining amount in the Deferral Accounts will be paid in a lump sum as soon as possible after the spouse's death to the spouse's estate. If a Participant dies after Termination of Employment, has not received all of his or her payments, and the Participant's Beneficiary is a Person other than his or her spouse, then payment shall be made in a lump sum as soon as possible after the Participant's death.

Sec. 5.4 Small Benefit. In the event that the Company determines in its sole discretion that the amount of any benefit is too small to make it administratively convenient to pay such benefit over time, the Company may pay the benefit in the form of a lump sum, notwithstanding any provision of this Article or Article IV to the contrary.

Sec. 5.5 Withholding. To the extent required by the law in effect at the time payments are made, the Company shall withhold from payments made hereunder or any other payment owing by the Company to the Participant the taxes required to be withheld by the federal or any state or local government.

Sec. 5.6 Lump Sum Payout Option. Notwithstanding any other provisions of the Plan, at any time after Termination of Employment, but not later than ten years after Termination of Employment of the Participant, a Participant or a Beneficiary of a deceased Participant may elect to receive an immediate lump sum payment of 100% of the balance of his or her Deferral

Accounts, if any, reduced by a penalty, which shall be forfeited to the Company, equal to eight percent of the amount of his or her Deferral Accounts he or she elected to receive, in lieu of payments in accordance with the form previously elected by the Participant, or provided elsewhere in this Plan. However, the penalty shall not apply if the Company determines, based on advice of counsel or a final determination by the Internal Revenue Service or any court of competent jurisdiction, that by reason of the foregoing provision any Participant or Beneficiary has recognized or will recognize gross income for federal income tax purposes under this Plan in advance of payment to him of Plan benefits. The Company shall notify all Participants (and Beneficiaries of deceased Participants) of any such determination. Whenever any such determination is made, the Company shall refund all penalties which were imposed hereunder on account of making lump sum payments at any time during or after the first year to which such determination applies (i.e., the first year when gross income is recognized for federal income tax purposes). Interest shall be paid on any such refunds at Variable Interest Crediting Rate for each Plan Year, compounded annually. The Committee may also reduce or eliminate the penalty if it determines that this action will not cause any Participant or Beneficiary to recognize gross income for federal income tax purposes under this Plan in advance of payment to him of Plan benefits.

ARTICLE VI
BENEFICIARY DESIGNATION

Each Participant shall have the right, at any time, to designate any person or persons as Beneficiary or Beneficiaries to whom payment under this Plan shall be made in the event of the Participant's death prior to complete distribution to the Participant of the benefits due under the Plan. Each Beneficiary designation shall be come effective only when filed in writing with the Company during the Participant's lifetime on a form prescribed by the Company.

The filing of a new Beneficiary designation form will cancel all Beneficiary designations previously filed. Any finalized divorce or marriage (other than a common law marriage) of a Participant subsequent to the date of filing of a Beneficiary designation form shall revoke such designation unless in the case of divorce the previous spouse was not designated as Beneficiary and unless in the case of marriage the Participant's new spouse had previously been designated as Beneficiary.

If a Participant fails to designate a Beneficiary as provided above, or if his or her Beneficiary designation is revoked by marriage, divorce, or otherwise without execution of a new designation, or if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Company shall direct the distribution of such benefits to the Participant's spouse, if any, and if there is no spouse to the Participant's estate.

ARTICLE VII
ADMINISTRATION OF PLAN

Sec. 7.1 Administration by Company. The Company is the "administrator" of the Plan for purposes of ERISA. Except as expressly otherwise provided herein, the Company shall control and manage the operation and administration of the Plan, make all decisions and determinations incident thereto, and construe the provisions thereof. In carrying out its Plan responsibilities, the Company shall have discretionary authority to construe the terms of the Plan. Except in cases where the Plan expressly requires action on behalf of the Company to be taken by the Board, action on behalf of the Company may be taken by any of the following:

- (a) The Board.
- (b) The Chief Executive Officer of the Company.
- (c) The Vice President of Personnel of the Company.
- (d) Any person or persons, natural or otherwise, or committee, to whom responsibilities for the operation and administration of the Plan are allocated by the Company, by resolution of the Board or by written instrument executed by the Chief Executive Officer or the Vice President of Personnel of the Company and filed with its permanent records, but action of such person or persons or committee shall be within the scope of said allocation.

Sec. 7.2 Certain Fiduciary Provisions. For purposes of the Plan:

- (a) Any person or group of persons may serve in more than one fiduciary capacity with respect to the Plan.
- (b) A Named Fiduciary, or a fiduciary designated by a Named Fiduciary pursuant to the provisions of the Plan, may employ one or more persons to render advice with regard to any responsibility such fiduciary has under the Plan.
- (c) Any time the Plan has more than one Named Fiduciary, if pursuant to the Plan provisions fiduciary responsibilities are not already allocated among such Named Fiduciaries, the Company, by action of the Board or its chief executive officer, may provide for such allocation.
- (d) Unless expressly prohibited in the appointment of a Named Fiduciary which is not the Company acting as provided in Sec. 7.1, such Named Fiduciary by written instrument may designate a person or persons other than such Named Fiduciary to carry out any or all of the fiduciary responsibilities under the Plan of such Named Fiduciary.

(e) A person who is a fiduciary with respect to the Plan, including a Named Fiduciary, shall be recognized and treated as a fiduciary only with respect to the particular fiduciary functions as to which such person has responsibility.

Sec. 7.3 Evidence. Evidence required of anyone under this Plan may be by certificate, affidavit, document, or other instrument which the person acting in reliance thereon considers to be pertinent and reliable and to be signed, made, or presented by the proper party.

Sec. 7.4 Records. Each Participating Employer, each fiduciary with respect to the Plan, and each other person performing any functions in the operation or administration of the Plan shall keep such records as may be necessary or appropriate in the discharge of their respective functions hereunder, including records required by ERISA or any other applicable law. Records shall be retained as long as necessary for the proper administration of the Plan and at least for any period required by ERISA or other applicable law.

Sec. 7.5 General Fiduciary Standard. Each fiduciary shall discharge his duties with respect to the Plan solely in the interests of Participants and with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

Sec. 7.6 Waiver of Notice. Any notice required hereunder may be waived by the person entitled thereto.

Sec. 7.7 Agent for Legal Process. The Company shall be the agent for service of legal process with respect to any matter concerning the Plan, unless and until the Company designates some other person as such agent.

Sec. 7.8 Indemnification. In addition to any other applicable provisions for indemnification, the Participating Employers jointly and severally agree to indemnify and hold harmless, to the extent permitted by law, each director, officer, and employee of the Participating Employers against any and all liabilities, losses, costs, or expenses (including legal fees) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against such person at any time by reason of such person's services as a fiduciary in connection with the Plan, but only if such person did not act dishonestly, or in bad faith, or in willful violation of the law or regulations under which such liability, loss, cost, or expense arises.

ARTICLE VIII
AMENDMENT AND TERMINATION OF PLAN

Sec. 8.1 Amendment. The Board of Directors of the Company may at any time amend the Plan in whole or in part for any reason, including but not limited to tax, accounting or insurance changes, which may result in termination of the Plan for future deferrals, provided,

however, that no amendment shall be effective as to the benefits under the Plan payable to any Participant which have accrued prior to the date of such amendment, but may change the Crediting Rate Alternatives to be credited to such benefits following the date of the amendment. Written notice of any amendment shall be given each Participant then participating in the Plan.

Sec. 8.2 Termination.

- (a) Company's Right to Terminate. The Board of Directors of the Company may at any time terminate the Plan, if in its judgement, the continuance of the Plan, the tax, accounting, insurance or other consequences thereof, or potential payouts thereunder would not be in the best interests of the Company, provided, however, that the Company may only terminate this Plan with respect to any particular participant if it terminated the Plan with respect to all similarly situated Participants.
- (b) Automatic Termination. The Plan shall terminate upon a determination by the Company that a final decision of a court of competent jurisdiction or the U.S. Department of Labor holding that the Plan is not maintained "primarily for the purpose of providing deferred compensation for a select group of management or highly-compensated employees," and therefore is subject to Parts 2, 3 and 4 of Title I of ERISA, would require that the Plan be funded and would result in immediate taxation to Participants of their vested Plan benefits.
- (c) Payments Upon Termination. Upon any Plan termination under this Section 8.2, the Participants will be deemed to have terminated their enrollment under the Plan as of the date of such termination. Base salary and bonus shall cease to be deferred as of date determined by the Company, and the Participating Employer will pay all Participants the value of each Participant's Deferral Accounts, determined as if each Participant had a Termination of Employment on the date of such termination of the Plan, at such times and pursuant to such terms and conditions as the Board of Directors of the Company in its sole discretion shall determine.

ARTICLE IX
MISCELLANEOUS

Sec. 9.1 Unsecured General Creditor. Participants and their Beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, claims, or interests in any specific property or assets of the Company or a Participating Employer, nor shall they be beneficiaries of, or have any rights, claims, or interests in any life insurance policies, annuity contracts, or the proceeds therefrom owned or which may be acquired by Company ("Policies"). Such Policies or other assets of Participating Employers shall not be held under any trust (except they may be placed in a Rabbi Trust) for the benefit of Participants, their Beneficiaries, heirs, successors, or

assigns, or held in any way as collateral security for the fulfilling of the obligations of Participating Employers under this Plan. Any and all of a Participating Employer's assets and Policies shall be, and remain, the general, unpledged, unrestricted assets of the Participating Employer. Participating Employers obligations under the Plan shall be merely that of an unfunded and unsecured promise of a Participating Employer to pay money in the future.

Sec. 9.2 Nonassignability. Neither a Participant nor any other person shall have any right to sell, assign, transfer, pledge, anticipate, mortgage, commute or otherwise encumber, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, or interest therein which are, and all rights to which are, expressly declared to be unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgements, alimony or separate maintenance owed by a Participant or any other person, not be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency

Sec. 9.3 Protective Provisions. Each Participant shall cooperate with the Company by furnishing any and all information requested by the Company in order to facilitate the payment of benefits hereunder, taking such physical examinations as the Company may deem necessary and taking such other relevant action as may be requested by the Company. If a Participant refuses so to cooperate, the Company shall have no further obligation to the Participant under the Plan, other than payment to such participant of the cumulative reductions in base salary and or bonus theretofore made pursuant to this Plan. If a Participant commits suicide during the two (2) year period beginning on the later of (a) the date of adoption of this Plan or (b) the first day of the first Plan Year of such Participant's participation in the Plan, or if the Participant makes any material misstatement of information or nondisclosure of medical history, then no benefits will be payable hereunder to such Participant or his Beneficiary, other than payment to such Participant of the cumulative reductions in Base Salary and or Bonus theretofore made pursuant to this Plan, provided, that in the Company's sole discretion, benefits may be payable in an amount reduced to compensate the Company for any loss, cost, damage or expense suffered or incurred by the Company as a result in any way of such misstatement or nondisclosure.

Sec. 9.4 Validity. In the event any provision of this Plan is held invalid, void, or unenforceable, the same shall not affect, in any respect whatsoever, the validity of any other provision of this Plan.

Sec. 9.5 Notice. Any notice or filing required or permitted to be given to the Company under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to the principal office of the Company, directed to the attention of the President of the Company. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

Sec. 9.6 Applicable Law. This Plan shall be governed and construed in accordance with the laws of the State of Minnesota as applied to contracts executed and to be wholly performed in such state.

12-10-94
Adopted: 12-14-94
Effective: 1-1-97

DAYTON HUDSON CORPORATION
DIRECTOR DEFERRED COMPENSATION PLAN

ARTICLE I
GENERAL

Sec. 1.1 Name of Plan. The name of the Plan set forth herein is the Dayton Hudson Corporation Director Deferred Compensation Plan. It is referred to herein as the "Plan".

Sec. 1.2 Purpose. The purpose of the Plan is to provide a means whereby Dayton Hudson Corporation (the "Company") may allow certain directors a way to defer compensation.

Sec. 1.3 Effective Date. The Effective Date of the Plan is January 1, 1997.

Sec. 1.4 Company. "Company" means all of the following:

- (a) Dayton Hudson Corporation, a Minnesota corporation.
- (b) Any successor of Dayton Hudson Corporation (whether direct or indirect, by purchase of a majority of the outstanding voting stock of Dayton Hudson Corporation or all or substantially all of the assets of Dayton Hudson Corporation, or by merger, consolidation or otherwise).
- (c) Any person that becomes liable for the obligations hereunder of the entities specified in (a) and (b) above by operation of law.

Sec. 1.5 Participating Employers. The Company is a Participating Employer in the Plan. With the consent of the Company, by action of the Board or any duly authorized officer, any wholly-owned subsidiary of the Company may, by action of its board of directors or any duly authorized officer, also become a Participating Employer in the Plan effective as of the date specified by it in its adoption of the Plan; but the subsidiary shall cease to be a Participating Employer on the date it ceases to be a wholly-owned subsidiary of the Company.

Sec. 1.6 Construction and Applicable Law. The Plan is intended to be an unfunded benefit plan maintained for the purpose of providing deferred compensation for certain directors. The Plan shall be construed and administered according to the laws of the State of Minnesota. All controversies, disputes, and claims arising hereunder shall be submitted to the United States District Court for the District of Minnesota.

Sec. 1.7 Rules of Construction. The Plan shall be construed in accordance with the following:

- (a) Headings at the beginning of articles and sections hereof are for convenience of reference, shall not be considered as part of the text of the Plan, and shall not influence its construction.
- (b) Capitalized terms used in the Plan shall have their meaning as defined in the Plan unless the context clearly indicates to the contrary.
- (c) All pronouns and any variations thereof shall be deemed to refer to the masculine or feminine as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.
- (d) 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) 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.

ARTICLE II
DEFINITIONS

Sec. 2.1 Beneficiary. "Beneficiary" means the person or persons designated as such in accordance with Article VI.

Sec. 2.2 Benefit Deferral Period. "Benefit Deferral Period" means that period of one Plan Year as determined pursuant to Article IV over which a Participant defers a portion of such Participant's Earnings.

Sec. 2.3 Board. "Board" means the board of directors of the Company, and includes any committee thereof authorized to act for said board of directors.

Sec. 2.4 Crediting Rate Alternative. "Crediting Rate Alternative" means the S&P Crediting Rate or the Variable Interest Crediting Rate.

Sec. 2.5 Cumulative Deferral Amount. "Cumulative Deferral Amount" means the total cumulative amount by which a Participant's Earnings must be reduced over the period prescribed in Section 4.1.

Sec. 2.6 Deferral Account. "Deferral Account" means the accounts maintained on the books of account of the Company pursuant to Section 4.2.

Sec. 2.7 Director. "Director" means any person who is a director of the Company or another Participating Employer but is not an Employee of a Participating Employer.

Sec. 2.8 Earnings. "Earnings" means the total fees paid to a Participant for service on the Board (or any committee thereof) or a board of a Participating Employer.

Sec. 2.9 Employee. "Employee" means any person employed by a Participating Employer.

Sec. 2.10 Enhancement. "Enhancement" means an additional .1667% per month added to the S&P Crediting Rate and the Variable Interest Crediting Rate.

Sec. 2.11 Enrollment Agreement. "Enrollment Agreement" means the written agreement entered into by the Company and a Director pursuant to which the Director becomes a Participant in the Plan. In the sole discretion of the Company, authorization forms filed by any Participant by which the Participant makes the elections provided for by this Plan may be treated as a completed and fully executed Enrollment Agreement for all purposes under the Plan.

Sec. 2.12 Participant. "Participant" means an eligible Director who has filed a completed and executed Enrollment Agreement or authorization form with the Company and is participating in the Plan in accordance with the provisions of Article IV.

Sec. 2.13 Person. "Person" means an individual, partnership, corporation, estate, trust, or other entity.

Sec. 2.14 Plan Year. "Plan Year" means the period commencing with the Effective Date and ending December 31, 1997 and each subsequent calendar year.

Sec. 2.15 Retirement. "Retirement" shall mean when the Director ceases to be a director of all Participating Employers.

Sec. 2.16 S&P Crediting Rate. "S&P Crediting Rate" means the earnings or losses for a month on the S&P Index Fund of the SRSP.

Sec. 2.17 SRSP. SRSP is the Dayton Hudson Corporation Supplemental Retirement, Savings, and Employee Stock Ownership Plan.

Sec. 2.18 Variable Interest Crediting Rate. "Variable Interest Crediting Rate" means the earnings or losses for a month on the Variable Interest Fund of the SRSP.

ARTICLE III
ELIGIBILITY

Sec. 3.1 Eligibility. A Director shall be a Participant while, and only while, he or she is a director of a Participating Employer, subject to the following:

- (a) The Director must sign an enrollment and insurance consent form, in the form that the Company determines in order to defer Earnings. The insurance consent form will allow Company to purchase life insurance on the Director with the Company as beneficiary.

Sec. 3.2 No Guarantee of Continued Directorship. Participation in the Plan does not constitute a guarantee or contract with any Participating Employer guaranteeing that the Director will continue to be a director. Such participation shall in no way interfere with any rights the shareholders of a Participating Employer would have in the absence of such participation to determine the duration of the director's service.

ARTICLE IV
PARTICIPATION AND BENEFITS

Sec. 4.1 Election to Participate. Any Director of a Participating Employer who is eligible to participate may enroll in the Plan by filing a completed and fully executed Enrollment Agreement or authorization form with the Company. Pursuant to said Enrollment Agreement or authorization form, the Director shall irrevocably designate a dollar amount by which the Earnings of such Participant would be reduced over the Benefit Deferral Period next following the execution of the Enrollment Agreement, provided, however, that:

- (a) Minimum Deferral. The reduction of Earnings for any Plan Year shall not be less than Five Thousand Dollars (\$5,000.00).
- (b) Reduction in Earnings. Except as otherwise provided in this Section 4.1, the Earnings of the Participant for the Benefit Deferral Period shall be reduced by the amount specified in the Enrollment Agreement (including any authorization form) applicable to such Plan Year.
- (c) Maximum Reduction in Earnings. A Participant may not elect a Cumulative Deferral Amount that would cause the reduction in Earnings to exceed one hundred percent (100%) of Earnings payable during such Plan Year. In the event that a Participant elects a Cumulative Deferral Amount that would violate the limitation described in this paragraph (c), the election shall be valid except that the Cumulative Deferral Amount so elected shall automatically be reduced to comply with such limitation.

Sec. 4.2 Deferral Accounts. The Company shall establish and maintain separate Deferral Accounts for each Participant. The amount by which a Participant's Earnings are reduced pursuant to Section 4.1 shall be credited by the Company to the Participant's Deferral Accounts at the end of the month in which such Earnings would otherwise have been paid. Such Deferral Accounts shall be debited by the amount of any payments made by the Company to the Participant or the Participant's Beneficiary pursuant to this Plan. A separate Deferral Account shall be maintained for each type of deferral election made and for each Crediting Rate Alternative.

Sec. 4.3 Crediting Rate Alternatives. The Participant shall select the Crediting Rate Alternatives, using full percentages, that are to be applied to his or her Deferral Accounts. Participants may change their Crediting Rate Alternatives quarterly (January, April, July or October) by completing a Rate of Return Alternative Change Form. The Change Form must be received by the Compensation Department of the Company at least fifteen days and not more than forty days before the beginning of the applicable quarter. If a Participant does not make an election, the Crediting Rate Alternative will be the S&P Crediting Rate.

Sec. 4.4 Benefit Payment Elections. At the time a Participant executes an Enrollment Agreement, he or she must also elect the method of benefit payment and the time to start the benefit. The elections are to be made for each Plan Year.

- (a) Method of Benefit Payment. Benefits for each Plan Year can be paid in a lump sum, five annual installments or ten annual installments.
- (b) Commencement of Benefit. The benefit for each Plan Year may be started as soon as possible following Retirement or one year following Retirement.

Sec. 4.5 Crediting. Each Deferral Account will be credited at the end of a month at the following rates on the balance in the Deferral Account on the first day of the month.

- (a) Director. Each Deferral Account of Director will be credited using the Crediting Rate Alternative plus the Enhancement.
- (b) Former Director. Each Deferral Account of a Director who has had a Retirement will be credited using the Crediting Rate Alternative.

Sec. 4.6 Statement of Accounts. The Company shall submit to each Participant, within one hundred twenty days after the close of each Plan Year, a statement in such form as the Company deems desirable, setting forth the balance standing to the credit of each Participant in his Deferral Accounts.

ARTICLE V
CERTAIN BENEFIT PAYMENTS

Sec. 5.1 Termination of Enrollment in Plan. With the written consent of the Company, a Participant may terminate his or her enrollment in the Plan by filing with the Company a written request to terminate enrollment. The Company will consent to the termination of a Participant's enrollment in the Plan in the event of an unforeseeable financial emergency of the Participant. An unforeseeable financial emergency shall mean an unexpected need for cash arising from an illness, casualty loss, sudden financial reversal or other such unforeseeable occurrence. Cash needs arising from foreseeable events such as the purchase of a house or education expenses for children shall not be considered to be the result of an unforeseeable financial emergency. Upon termination of enrollment, no further reductions shall be made in the Participant's Earnings pursuant to his or her Enrollment Agreement, and the Participant shall immediately cease to be eligible for any benefits under the Plan other than payments from his or her Deferral Accounts. In its sole discretion, the Committee may pay the Deferral Accounts on a date earlier than the Participant's Retirement with the Participating Employer, in which event the amounts shall be calculated as if the Participant had a Retirement with the Participating Employer on the date of such payment. Following termination of enrollment in the Plan, a Participant's Deferral Account shall be credited at the Crediting Rate Alternative with no Enhancement.

Sec. 5.2 Survivor Benefits

- (a) Death While Employed. If a Participant dies while a Director of a Participating Employer, the Company will pay the amount in his or her Deferral Accounts to the Participant's Beneficiary as soon as possible after death in a lump sum.
- (b) Death After Retirement. If a Participant dies after Retirement, and has not received all of his or her payments, and the Participant's Beneficiary is his or her spouse, payments shall be made to the spouse pursuant to the Participant's payout elections. If the Participant's spouse dies before receiving all payments, the remaining amount in the Deferral Accounts will be paid in a lump sum as soon as possible after the spouse's death to the spouse's estate. If a Participant dies after Retirement, has not received all of his or her payments, and the Participant's Beneficiary is a Person other than his or her spouse, then payment shall be made in a lump sum as soon as possible after the Participant's death.

Sec. 5.3 Small Benefit. In the event that the Company determines in its sole discretion that the amount of any benefit is too small to make it administratively convenient to pay such benefit over time, the Company may pay the benefit in the form of a lump sum, notwithstanding any provision of this Article or Article IV to the contrary.

Sec. 5.4 Withholding. To the extent required by the law in effect at the time payments are made, the Company shall withhold from payments made hereunder or any other payment

owing by the Company to the Participant the taxes required to be withheld by the federal or any state or local government.

Sec. 5.5 Lump Sum Payout Option. Notwithstanding any other provisions of the Plan, at any time after Retirement, but not later than ten years after Retirement of the Participant, a Participant or a Beneficiary of a deceased Participant may elect to receive an immediate lump sum payment of 100% of the balance of his or her Deferral Accounts, if any, reduced by a penalty, which shall be forfeited to the Company, equal to eight percent of the amount of his or her Deferral Accounts he or she elected to receive, in lieu of payments in accordance with the form previously elected by the Participant, or provided elsewhere in this Plan. However, the penalty shall not apply if the Company determines, based on advice of counsel or a final determination by the Internal Revenue Service or any court of competent jurisdiction, that by reason of the foregoing provision any Participant or Beneficiary has recognized or will recognize gross income for federal income tax purposes under this Plan in advance of payment to him of Plan benefits. The Company shall notify all Participants (and Beneficiaries of deceased Participants) of any such determination. Whenever any such determination is made, the Company shall refund all penalties which were imposed hereunder on account of making lump sum payments at any time during or after the first year to which such determination applies (i.e., the first year when gross income is recognized for federal income tax purposes). Interest shall be paid on any such refunds at the Variable Interest Crediting Rate for each Plan Year, compounded annually. The Committee may also reduce or eliminate the penalty if it determines that this action will not cause any Participant or Beneficiary to recognize gross income for federal income tax purposes under this Plan in advance of payment to him of Plan benefits.

ARTICLE VI
BENEFICIARY DESIGNATION

Each Participant shall have the right, at any time, to designate any person or persons as Beneficiary or Beneficiaries to whom payment under this Plan shall be made in the event of the Participant's death prior to complete distribution to the Participant of the benefits due under the Plan. Each Beneficiary designation shall be come effective only when filed in writing with the Company during the Participant's lifetime on a form prescribed by the Company.

The filing of a new Beneficiary designation form will cancel all Beneficiary designations previously filed. Any finalized divorce or marriage (other than a common law marriage) of a Participant subsequent to the date of filing of a Beneficiary designation form shall revoke such designation unless in the case of divorce the previous spouse was not designated as Beneficiary and unless in the case of marriage the Participant's new spouse had previously been designated as Beneficiary.

If a Participant fails to designate a Beneficiary as provided above, or if his or her Beneficiary designation is revoked by marriage, divorce, or otherwise without execution of a new designation, or if all designated Beneficiaries predecease the Participant or die prior to complete

distribution of the Participant's benefits, then the Company shall direct the distribution of such benefits to the Participant's spouse, if any, and if there is no spouse to the Participant's estate.

ARTICLE VII
ADMINISTRATION OF PLAN

Sec. 7.1 Administration by Company. The Company is the "administrator" of the Plan. Except as expressly otherwise provided herein, the Company shall control and manage the operation and administration of the Plan, make all decisions and determinations incident thereto, and construe the provisions thereof. In carrying out its Plan responsibilities, the Company shall have discretionary authority to construe the terms of the Plan. Except in cases where the Plan expressly requires action on behalf of the Company to be taken by the Board, action on behalf of the Company may be taken by any of the following:

- (a) The Board.
- (b) The Chief Executive Officer of the Company.
- (c) The Vice President of Personnel of the Company.
- (d) Any person or persons, natural or otherwise, or committee, to whom responsibilities for the operation and administration of the Plan are allocated by the Company, by resolution of the Board or by written instrument executed by the Chief Executive Officer or the Vice President of Personnel of the Company and filed with its permanent records, but action of such person or persons or committee shall be within the scope of said allocation.

Sec. 7.2 Certain Fiduciary Provisions. For purposes of the Plan:

- (a) Any person or group of persons may serve in more than one fiduciary capacity with respect to the Plan.
- (b) A Named Fiduciary, or a fiduciary designated by a Named Fiduciary pursuant to the provisions of the Plan, may employ one or more persons to render advice with regard to any responsibility such fiduciary has under the Plan.
- (c) Any time the Plan has more than one Named Fiduciary, if pursuant to the Plan provisions fiduciary responsibilities are not already allocated among such Named Fiduciaries, the Company, by action of the Board or its chief executive officer, may provide for such allocation.
- (d) Unless expressly prohibited in the appointment of a Named Fiduciary which is not the Company acting as provided in Sec. 7.1, such Named Fiduciary by written instrument may designate a person or persons other than such Named Fiduciary

to carry out any or all of the fiduciary responsibilities under the Plan of such Named Fiduciary.

- (e) A person who is a fiduciary with respect to the Plan, including a Named Fiduciary, shall be recognized and treated as a fiduciary only with respect to the particular fiduciary functions as to which such person has responsibility.

Sec. 7.3 Evidence. Evidence required of anyone under this Plan may be by certificate, affidavit, document, or other instrument which the person acting in reliance thereon considers to be pertinent and reliable and to be signed, made, or presented by the proper party.

Sec. 7.4 Records. Each Participating Employer, each fiduciary with respect to the Plan, and each other person performing any functions in the operation or administration of the Plan shall keep such records as may be necessary or appropriate in the discharge of their respective functions hereunder, including records required by applicable law. Records shall be retained as long as necessary for the proper administration of the Plan and at least for any period required by applicable law.

Sec. 7.5 General Fiduciary Standard. Each fiduciary shall discharge his duties with respect to the Plan solely in the interests of Participants and with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

Sec. 7.6 Waiver of Notice. Any notice required hereunder may be waived by the person entitled thereto.

Sec. 7.7 Agent for Legal Process. The Company shall be the agent for service of legal process with respect to any matter concerning the Plan, unless and until the Company designates some other person as such agent.

Sec. 7.8 Indemnification. In addition to any other applicable provisions for indemnification, the Participating Employers jointly and severally agree to indemnify and hold harmless, to the extent permitted by law, each director, officer, and employee of the Participating Employers against any and all liabilities, losses, costs, or expenses (including legal fees) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against such person at any time by reason of such person's services as a fiduciary in connection with the Plan, but only if such person did not act dishonestly, or in bad faith, or in willful violation of the law or regulations under which such liability, loss, cost, or expense arises.

ARTICLE VIII
AMENDMENT AND TERMINATION OF PLAN

Sec. 8.1 Amendment. The Board of Directors of the Company may at any time amend the Plan in whole or in part for any reason, including but not limited to tax, accounting or insurance changes, which may result in termination of the Plan for future deferrals, provided, however, that no amendment shall be effective as to the benefits under the Plan payable to any Participant which have accrued prior to the date of such amendment, but may change the Crediting Rate Alternatives to be credited to such benefits following the date of the amendment. Written notice of any amendment shall be given each Participant then participating in the Plan.

Sec. 8.2 Termination.

(a) Company's Right to Terminate. The Board of Directors of the Company may at any time terminate the Plan, if in its judgement, the continuance of the Plan, the tax, accounting, insurance or other consequences thereof, or potential payouts thereunder would not be in the best interests of the Company, provided, however, that the Company may only terminate this Plan with respect to any particular Participant if it terminated the Plan with respect to all similarly situated Participants.

(b) Payments Upon Termination. Upon any Plan termination under this Section 8.2, the Participants will be deemed to have terminated their enrollment under the Plan as of the date of such termination. Earnings shall cease to be deferred as of date determined by the Company, and the Participating Employer will pay all Participants the value of each Participant's Deferral Accounts, determined as if each Participant had a Retirement on the date of such termination of the Plan, at such times and pursuant to such terms and conditions as the Board of Directors of the Company in its sole discretion shall determine.

ARTICLE IX
MISCELLANEOUS

Sec. 9.1 Unsecured General Creditor. Participants and their Beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, claims, or interests in any specific property or assets of the Company or a Participating Employer, nor shall they be beneficiaries of, or have any rights, claims, or interests in any life insurance policies, annuity contracts, or the proceeds therefrom owned or which may be acquired by Company ("Policies"). Such Policies or other assets of Participating Employers shall not be held under any trust (except they may be placed in a Rabbi Trust) for the benefit of Participants, their Beneficiaries, heirs, successors, or assigns, or held in any way as collateral security for the fulfilling of the obligations of Participating Employers under this Plan. Any and all of a Participating Employer's assets and Policies shall be, and remain, the general, unpledged, unrestricted assets of the Participating

Employer. Participating Employers obligations under the Plan shall be merely that of an unfunded and unsecured promise of a Participating Employer to pay money in the future.

Sec. 9.2 Nonassignability. Neither a Participant nor any other person shall have any right to sell, assign, transfer, pledge, anticipate, mortgage, commute or otherwise encumber, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, or interest therein which are, and all rights to which are, expressly declared to be unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgements, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency

Sec. 9.3 Protective Provisions. Each Participant shall cooperate with the Company by furnishing any and all information requested by the Company in order to facilitate the payment of benefits hereunder, taking such physical examinations as the Company may deem necessary and taking such other relevant action as may be requested by the Company. If a Participant refuses so to cooperate, the Company shall have no further obligation to the Participant under the Plan, other than payment to such participant of the cumulative reductions in Earnings theretofore made pursuant to this Plan. If a Participant commits suicide during the two (2) year period beginning on the later of (a) the date of adoption of this Plan or (b) the first day of the first Plan Year of such Participant's participation in the Plan, or if the Participant makes any material misstatement of information or nondisclosure of medical history, then no benefits will be payable hereunder to such Participant or his Beneficiary, other than payment to such Participant of the cumulative reductions in Earnings theretofore made pursuant to this Plan, provided, that in the Company's sole discretion, benefits may be payable in an amount reduced to compensate the Company for any loss, cost, damage or expense suffered or incurred by the Company as a result in any way of such misstatement or nondisclosure.

Sec. 9.4 Validity. In the event any provision of this Plan is held invalid, void, or unenforceable, the same shall not affect, in any respect whatsoever, the validity of any other provision of this Plan.

Sec. 9.5 Notice. Any notice or filing required or permitted to be given to the Company under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to the principal office of the Company, directed to the attention of the President of the Company. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

Sec. 9.6 Applicable Law. This Plan shall be governed and construed in accordance with the laws of the State of Minnesota as applied to contracts executed and to be wholly performed in such state.

EXHIBIT (11)

DAYTON HUDSON CORPORATION
COMPUTATION OF PER SHARE EARNINGS

(IN MILLIONS, EXCEPT PER SHARE DATA)

Primary Computation	Year Ended					
	January 28, 1995		January 29, 1994		January 30, 1993	
	Earnings	Shares	Earnings	Shares	Earnings	Shares
Net Earnings	\$ 434		\$ 375		\$ 383	
Less: Dividend requirements on ESOP preferred shares a/	(19)		(17)		(24)	
Adjusted net earnings	\$ 415		\$ 358		\$ 359	
Average common shares outstanding		71.6		71.5		71.3
Average number of common share equivalents:						
Stock options		0.2		0.1		0.2
Performance shares		0.2		0.2		0.1
Adjusted common equivalent shares outstanding--primary		72.0		71.8		71.6
PRIMARY EARNINGS PER SHARE	\$5.77		\$4.99		\$5.02	
Fully Diluted Computation						
Net Earnings	\$ 434		\$ 375		\$ 383	
Less: Earnings impact of ESOP preferred share conversion a/	(13)		(12)		(17)	
Adjusted net earnings	\$ 421		\$ 363		\$ 366	
Average common and common equivalent shares--primary		72.0		71.8		71.6
Additional shares attributable to the application of the treasury stock method		0.1		--		--
Assumed conversion of ESOP preferred shares		4.2		4.3		4.3
Adjusted common equivalent shares outstanding--fully diluted		76.3		76.1		75.9
FULLY DILUTED EARNINGS PER SHARE	\$5.52		\$4.77		\$4.82	

a/ With the adoption of Statement of Financial Accounting Standard No.109, "Accounting for Income Taxes" at the beginning of 1993, the tax benefit to the Corporation for dividends paid on ESOP preferred stock was limited to allocated shares of ESOP preferred stock. Average allocated ESOP preferred shares outstanding were 2.0 million and 1.6 million for the years ended January 28, 1995 and January 29, 1994, respectively.

EXHIBIT (12)

DAYTON HUDSON CORPORATION
 COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES
 FOR THE FIVE YEARS ENDED JANUARY 28, 1995

(MILLIONS OF DOLLARS)

	January 28, 1995 -----	January 29, 1994 -----	January 30, 1993 -----	February 1, 1992 -----	February 2, 1991 -----
Earnings:					
Consolidated net earnings.....	\$ 434	\$ 375	\$ 383	\$ 301	\$ 412
Income taxes.....	280	232	228	171	249
	-----	-----	-----	-----	-----
Total earnings.....	714	607	611	472	661
	-----	-----	-----	-----	-----
Fixed charges:					
Interest expense.....	439	459	454	421	333
Dividends on preferred stock (pre-tax basis).....	39	39	39	39	39
Interest portion of rental expense.....	56	45	43	39	46
	-----	-----	-----	-----	-----
Total fixed charges.....	534	543	536	499	418
	-----	-----	-----	-----	-----
Less:					
Dividends on preferred stock (pre-tax basis).....	(39)	(39)	(39)	(39)	(39)
Capitalized interest.....	(7)	(5)	(6)	(11)	(8)
	-----	-----	-----	-----	-----
Fixed charges in earnings.....	488	499	491	449	371
	-----	-----	-----	-----	-----
Earnings available for fixed charges.....	\$1,202	\$1,106	\$1,102	\$ 921	\$1,032
	=====	=====	=====	=====	=====
Ratio of earnings to fixed charges.....	2.25	2.04	2.06	1.85	2.47
	=====	=====	=====	=====	=====

ANALYSIS OF OPERATIONS
(Millions of Dollars, Except Per Share Data)

We reported record revenues, operating profit, earnings and fully diluted earnings per share in 1994. Net earnings grew 16% to \$434 million compared with \$375 million in 1993 and \$383 million in 1992. Fully diluted earnings per share were \$5.52 in 1994 versus \$4.77 in 1993 and \$4.82 in 1992.

In 1994, all three operating divisions reported an increase in operating profit. Operating profit is LIFO earnings from operations before corporate expense, interest and income taxes. Target maintained its strong earnings momentum, while Mervyn's performance improved and the Department Store Division (DSD) recorded another year of solid performance.

Total operating profit grew 9% to \$1,208 million compared with \$1,109 million in 1993 and \$1,086 million in 1992. Target had another record year with an 11% increase in operating profit, while Mervyn's increased 15% and DSD increased 1% to a new record. Operating profit in 1994 was affected by a substantial decrease in the year-over-year LIFO credit. The pre-tax LIFO credit in 1994 was \$19 million versus \$91 million in 1993.

The earnings variance analysis, presented below, and associated discussion represents management's view of the business and differs from the classifications in the Consolidated Results of Operations. Revenues include sales, as well as finance charges and other revenues. The gross margin rate includes cost of retail sales and excludes buying and occupancy costs. The operating expense rate includes buying and occupancy costs; selling, publicity and administrative expenses excluding start-up and corporate and other expense; depreciation and taxes other than income taxes. Start-up expenses are costs associated with opening new stores and remodeling existing stores.

Due to significant growth at Target, our lowest margin division, the Corporation's overall revenue growth and operating expense rate were favorably affected, while the gross margin rate was unfavorably affected. We expect these trends to continue.

The table below identifies the major factors in the change in earnings per share:

EARNINGS VARIANCE ANALYSIS	1994 VS. 1993	1993 vs. 1992
Prior year's earnings per share	\$4.77	\$4.82
Change due to:		
Revenues	1.17	.59
Gross margin rate	(.05)	(.52)
Operating expense rate	(.19)	(.02)
Start-up expenses	(.14)	.06
Interest expense, net	.13	(.08)
Corporate and other expense, net	(.07)	(.03)
Income tax rate	(.10)	(.05)
EARNINGS PER SHARE	\$5.52	\$4.77

ANALYSIS OF OPERATIONS
(Millions of Dollars, Except Per Share Data)

REVENUES

The Corporation reported an 11% increase in total revenues and a 5% increase in comparable-store revenues in 1994 despite continued deflation of retail prices at each of the operating divisions. Comparable-store revenues are revenues from stores open longer than a year. Target's strong revenue increase reflected both new and existing store growth, effective advertising and superior merchandising execution. Mervyn's revenue showed a modest improvement due primarily to new store growth. DSD's revenue increase was mainly due to growth in home and moderate-price merchandise. The operating divisions' revenues were also aided by increases in finance charge revenues associated with growth in our proprietary credit card operations.

The 1993 overall revenue growth reflected Target's new store expansion and the continued success of its value-pricing strategy, along with DSD's additional promotional events. Mervyn's revenue decline reflected the effect of orienting its guests to a more balanced value-pricing and promotional strategy. Additionally, both Target and Mervyn's results were impacted by their substantial presence in the California market, which remained depressed throughout the majority of 1993.

REVENUE GROWTH	1994		1993	
	ALL STORES	COMP. STORES	All Stores	Comp. Stores
Target	16%	7%	13%	5%
Mervyn's	3	-	(2)	(6)
DSD	3	3	1	1
Total	11%	5%	7%	1%

One measure used to evaluate store productivity is revenues per square foot. Higher revenues per square foot at Target reflected solid base business growth, partially offset by the inherent lower productivity of new stores. Mervyn's decline primarily represented the inherent lower productivity of new stores in conjunction with unchanged comparable-store revenues. DSD's growth was due to higher revenues on an unchanged square footage base.

REVENUES PER SQUARE FOOT*	1994	1993	1992
Target	\$ 222	\$ 213	\$ 209
Mervyn's	200	204	223
DSD	228	221	219

* Thirteen-month average retail square feet.

GROSS MARGIN RATE

The overall gross margin rate was essentially unchanged in 1994 reflecting substantially improved markdowns at each of the operating divisions, offset by a significantly lower LIFO credit of \$19 million compared with \$91 million last year.

. TARGET'S value-pricing strategy generated a favorable impact on its 1994 gross margin rate. A significant improvement in promotional markdowns was partially offset by a somewhat lower, stabilizing markup. Despite this, its gross margin rate declined during 1994 reflecting a significantly lower LIFO credit.

. MERVYN'S gross margin rate reflected a solid improvement in 1994 due to improved markdowns, partially offset by lower markup. During the year the competitive pricing strategy was further refined, reducing initial retail prices, while promotional markdowns improved. Also, the gross margin rate benefitted from lower clearance markdowns associated with improved inventory management.

. DSD'S gross margin rate was essentially unchanged in 1994. A significant improvement in the clearance markdown rate was offset by a lower LIFO credit and somewhat higher promotional markdowns reflecting incremental sale events.

The 1993 overall gross margin rate declined reflecting our lowering of initial retail prices to meet the needs of value-conscious consumers, partially offset by a substantial LIFO credit. Target's gross margin rate declined in 1993 reflecting the ongoing impact of its value-pricing strategy, partially offset by improvement in the promotional markdown rate and a substantial LIFO credit. Mervyn's 1993 gross margin rate decline was the result of higher clearance

markdowns associated with reducing inventories. DSD's gross margin rate improved in 1993 due to lower cost of merchandise and a LIFO credit.

ANALYSIS OF OPERATIONS
(Millions of Dollars, Except Per Share Data)

GROSS MARGIN RATE (CONTINUED)

Looking forward, with an increasing percentage of overall growth coming from Target, the gross margin rate is expected to decline over time.

The LIFO provision was as follows:

LIFO PROVISION: CREDIT/(EXPENSE)	1994	1993	1992
Target	-	\$ 62	\$ (2)
Mervyn's	\$ 8	7	4
DSD	11	22	(11)
Total	\$ 19	\$ 91	\$ (9)
Per Share	\$.15	\$.75	\$ (.07)

The 1994 LIFO credit reflected higher inventory levels associated with new store growth as well as deflation in retail prices associated with our value-pricing strategies, although at a much slower, stabilizing rate. The 1993 LIFO credit reflected the adoption of internally-generated price indices at Mervyn's and DSD associated with their lowering of retail prices and deflation in Target's internal price index, partially offset by a substantial decline in inventory levels at Mervyn's. The 1992 LIFO expense was primarily due to inflation at Mervyn's and DSD, partially offset by an increase in inventory levels at Mervyn's and deflation in prices at Target.

The LIFO provision is calculated based on internally-generated price indices, inventory levels and markup levels.

OPERATING EXPENSE RATE

The overall operating expense rate increased in 1994 despite strong expense management at each of the operating divisions. The higher operating expense rate primarily reflected additional advertising expense at Mervyn's and DSD and charges associated with the closing and relocation of certain Target stores. Each of the operating divisions will continue to focus on expense disciplines and will benefit from our pursuit of a boundaryless organization by sharing resources and expertise between divisions.

. TARGET'S operating expense rate was essentially unchanged in 1994. The benefits of sales leverage and expense efficiencies were offset by an incremental \$32 million, or \$.26 per share, charge for strategic store closings and relocations. Looking forward, Target will continue to aggressively reposition its stores to more strategic locations and close under-performing stores, although future annual charges are not expected to be as significant as in 1994.

. MERVYN'S operating expense rate increased significantly in 1994 due to additional advertising expense, lower sales leverage and a charge of approximately \$20 million, or \$.16 per share, for the Colorado Project. The Colorado Project was the remodeling, remerchandising and grand opening of 11 Colorado stores used as the laboratory for new store design and merchandising strategies. Mervyn's continues to focus on expense control.

. DSD'S operating expense rate was higher in 1994 due to increased advertising expenses associated with incremental promotional events somewhat offset by expense efficiencies.

The 1993 operating expense rate included a pre-tax charge of \$22 million, or \$.18 per share, from the Los Angeles earthquake substantially offset by solid expense management at each of the operating divisions. Target's operating expense rate improved in 1993, reflecting favorable sales leveraging and expense efficiencies within the stores, partially offset by charges related to the earthquake. Despite its continued focus on expense control, Mervyn's operating expense rate deteriorated in 1993 due to slightly higher operating expenses on a substantially lower revenue base, as well as charges associated with the earthquake. DSD's operating expense rate improved in 1993 due to distribution expense efficiencies, partially offset by increased advertising expense.

ANALYSIS OF OPERATIONS
(Millions of Dollars, Except Per Share Data)

START-UP EXPENSES

Start-up expenses rose in 1994 due to growth in the number of new stores at Target and increased remodeling expenses at Mervyn's and DSD. Start-up expenses declined in 1993 compared with 1992 due to fewer new stores. A total of 72 new stores were opened in 1994 compared with 62 stores in 1993 and 68 stores in 1992. Start-up expenses are generally recognized evenly throughout the year in which the expenses are incurred.

INTEREST EXPENSE

Interest expense decreased \$20 million in 1994 as a result of lower average financing requirements and a lower average portfolio interest rate. The lower rate reflected a modest increase in lower cost floating-rate debt. The interest expense increase in 1993 was due to additional debt required to finance new stores and store-remodeling programs partially offset by lower interest rates.

In 1995, interest expense is expected to increase reflecting additional borrowing requirements for the funding of new stores, remodeling programs and internal credit expansion. Although we plan to increase floating rate debt modestly in 1995, we do not anticipate material changes in our average portfolio interest rate.

CORPORATE AND OTHER EXPENSE, NET

Corporate and other expense includes corporate headquarters expense, corporate charitable contributions to support our giving program of 5% of federally taxable income and a variety of other items.

Included in 1994 corporate and other expense was a pre-tax charge of \$10 million, or \$.08 per share, for the consolidation of the Corporation's credit operations. The charge primarily represents severance and benefits for approximately 500 employees. The consolidation of two credit operations into one is expected to be completed by Summer 1995. The consolidation is expected to result in cost savings and create a cross-divisional source of credit information.

INCOME TAX RATE

The effective tax rates were as follows:

	1994	1993	1992
Effective tax rate	39.2%	38.2%	37.3%

The increase in the 1994 effective tax rate compared with 1993 reflected the one-time benefit in 1993 from the adoption of SFAS No. 109, "Accounting for Income Taxes." While the 1993 tax rate benefitted from this adoption, the increase over 1992 reflected the one percentage point rise in the federal statutory tax rate and the associated increase to deferred tax balances, as well as the reduced financial reporting deductibility of preferred stock dividends associated with SFAS No. 109.

FOURTH QUARTER RESULTS

Due to the seasonal nature of the retail industry, fourth quarter results represent a substantially larger share of the total year operating results due to the inclusion of the Christmas season.

The Corporation's fourth quarter earnings per share were \$3.62, essentially unchanged from the same quarter last year despite a pre-tax LIFO credit of \$9 million, or \$.07 per share, in 1994 versus \$106 million, or \$.87 per share, in 1993. Net earnings were \$279 million for the quarter compared with \$278 million in 1993. Operating profit showed a slight increase in the quarter, with strong operating results more than offsetting the effect of a significantly lower LIFO credit.

- . TARGET'S modest operating profit increase reflected a 16% revenue increase partially offset by a lower gross margin rate and a higher operating expense rate. Comparable-store revenues increased 7%. Despite a modest improvement in the markdown rate, Target's gross margin rate declined, reflecting a significant year-to-year change in the LIFO provision.
- . MERVYN'S operating profit increased as total revenues rose 5% and comparable-store revenues were up 2%. The gross margin rate improved as a substantially lower markdown rate was partially offset by a significantly lower LIFO credit. The operating expense rate increased slightly.
- . DSD'S operating profit declined moderately in the fourth quarter reflecting a significant decline in the LIFO credit. Partially offsetting the gross margin rate decline were improved total and comparable-store revenues of 3% and an improved operating expense rate due to store operational efficiencies.

ANALYSIS OF FINANCIAL CONDITION
(Millions of Dollars, Except Per Share Data)

In 1994, we strengthened our financial condition through solid financial performance and improved inventory and payables control. Cash flow from earnings and depreciation grew 11% in 1994 to \$965 million. Internally-generated funds continue to be an important component of our capital resources.

Accounts receivable growth in 1994 reflected the expansion of our proprietary credit card operations. In 1994 we changed payment terms on DSD's and Mervyn's internal credit cards and began testing a Target card. This grew accounts receivable balances, finance charge revenues and late fees. The growth of accounts receivable in 1995 is expected to continue, comparable to the growth experienced in 1994.

Inventories were well controlled throughout 1994. The increase in 1994 year-end inventories primarily reflected new store growth. Inventory turnover improved in 1994, the result of better merchandising execution at each operating division and a greater mix of our business shifting to Target. In conjunction with a faster inventory turn, our accounts payable leveraging also improved.

Capital expenditures for 1994 were \$1,095 million, of which 77% were made by Target, 13% by Mervyn's, 9% by DSD and 1% by Corporate. During 1994, Target added 60 new stores and Mervyn's opened 12 new stores. Nearly 65% of total capital expenditures were for building new stores, 21% for store remodeling and 14% for distribution and systems. Over the past five years, Target's square footage has grown at a compound annual rate of 10% and is expected to continue into the future.

Capital expenditures for 1995 are expected to be several hundred million dollars higher than 1994 capital expenditures. We continue to invest in each of our operating companies, however, most new store capital continues to be allocated to Target due to its proven record of successful expansion and profitable growth. The 1995 store opening plans are for 60-70 new Target stores, 11 new Mervyn's stores and one new department store. Expansion into major new markets initially includes Target's six stores in Cleveland/Akron and Mervyn's seven stores in Minneapolis/St. Paul.

Our capital expenditure priorities are as follows:

- . REMODEL existing facilities to maintain and expand current market share.
- . IMPROVE DISTRIBUTION AND SYSTEMS to support sales growth.
- . BUILD STORES IN EXISTING MARKETS to increase market share as well as leverage our existing expense structure.
- . BUILD STORES IN NEW MARKETS to enhance growth and increase overall market share.

Due to sufficient capital resources, we were able to maintain our capital expenditure priorities while allocating the majority of our spending towards new store growth. In order to retain flexibility, at January 28, 1995 only \$367 million was committed for future capital expenditures.

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

A key to the Corporation's liquidity and capital market access is maintenance of strong investment grade debt ratings. Our long-term debt ratings remained at A+, A3 and A from Duff & Phelps, Moody's and Standard & Poor's, respectively. Our commercial paper debt ratings remained at D-1+, P-2 and A-1 from these same firms, respectively. Additional liquidity is provided by a total of \$1 billion in committed lines of credit. Further lines may be put in place in 1995.

In 1994, in addition to internally-generated funds, the Corporation's debt increased \$251 million, net of investments, to fund cash needs. During 1993 and 1992, internally-generated funds were sufficient to meet the Corporation's cash needs. In 1995, we expect debt to increase by a greater amount than 1994 as we fund our store expansion and continued growth of the accounts receivable portfolio.

PERFORMANCE OBJECTIVES
(Millions of Dollars, Except Per Share Data)

SHAREHOLDER RETURN

Management's primary objective is to maximize shareholder value over time. This is accomplished through a combination of dividend income and share price appreciation while a prudent and flexible capital structure is maintained.

On this basis our total return to shareholders in 1994 was approximately 7%. During this same period the total return on the Standard & Poor's 500 was approximately 1%, while many large retailers experienced negative returns.

GENERATING SHAREHOLDER VALUE

We manage a portfolio of three retail concepts, each of which is uniquely positioned for our guests. In addition, each fills a unique role in support of our primary objective. Target is our largest and fastest growing format. We believe Mervyn's holds great promise to significantly improve its performance over the next several years. Our Department Store Division produces substantial cash flow in excess of its capital reinvestment requirements.

The internal measurement we will begin to use in 1995 to evaluate performance and guide our capital investment decisions is a form of Economic Value Added(R) (EVA(R)). EVA(R) is after-tax operating profit less a capital charge for all investment employed. The capital charge is our after-tax cost of debt and equity capital which has been adjusted for the age of our stores, recognizing that mature stores naturally have higher returns than newly opened stores. When EVA(R) is positive we believe we are generating value which will flow to our shareholders. We generated positive EVA(R) in 1994, 1993 and 1992, and expect continued improvement in 1995. A significant portion of executive incentive compensation will be tied to achievement of targeted levels of annual EVA(R).

During 1994 and in previous years, we used Return on Investment (ROI) as the internal measurement tool. ROI was 8.5%, 8.3% and 8.9% for 1994, 1993 and 1992, respectively.

FINANCIAL OBJECTIVES

We believe that managing our business with a focus on EVA(R) will assist us in achieving our objective of a compound growth in earnings per share of 15% per year over time. In 1994, earnings per share were \$5.52, representing a 16% increase over 1993. We intend to produce these results over time, while maintaining a year-end debt ratio in the range of 45% to 65%. We continued to operate in this range in 1994, ending the year with a debt ratio of 57%.

DEBT RATIO	1994	1993	1992
DEBT AND EQUIVALENTS			
Current portion of long-term debt and notes payable (a)	\$ 209	\$ 373	\$ 394
Long-term debt (a)	4,488	4,279	4,330
Present value of operating leases	601	504	419
Total	\$5,298	\$5,156	\$5,143
CAPITALIZATION			
Debt and equivalents	\$5,298	\$5,156	\$5,143
Deferred income taxes and other	582	536	450
Convertible preferred stock	360	368	374
Common shareholders' investment	3,043	2,737	2,486
Total	\$9,283	\$8,797	\$8,453
YEAR-END DEBT RATIO (b)	57%	59%	61%

(a) Includes capital leases.

(b) The debt ratio includes the impact of off-balance sheet operating leases. When calculated on a balance sheet basis only, year-end debt ratios were 54%, 56% and 59% for 1994, 1993 and 1992, respectively.

(R) Economic Value Added and EVA are registered trademarks.

INTERNAL CREDIT
(Millions of Dollars, Except Per Share Data)

Internal credit strategically supports our core retail operations and, in itself, has been profitable. By expanding our credit operations we not only earned an attractive return on credit, but retail operating profit was also enhanced through incremental sales.

The credit operations have different performance characteristics than our retail operations. Because of the stability of returns, our credit operation's can support a debt ratio of 88%, which is similar to a finance company. This higher leveraging rate results in a 6% after-tax cost of capital for our credit operations as compared to 10% for our retail operations.

DEBT RATIOS	1994	1993	1992
Credit debt ratio	88%	88%	88%
Retail debt ratio	50	53	55
Total Corporation Debt Ratio	57%	59%	61%

In 1994, the operating profit of our credit operations increased to \$170 million due primarily to improved finance charge revenues and late fees. The credit operations after-tax returns were greater than the credit cost of capital, resulting in a continued increase in positive EVA(R). The following table illustrates the results of our credit operations:

CREDIT OPERATING PROFIT	1994	1993	1992
REVENUES:			
Finance charge revenues and late fees	\$ 248	\$ 200	\$ 191
Merchant and deferred billing fees	65	63	62
Total	313	263	253
EXPENSES:			
Bad debt provision	66	53	56
Operating expenses	77	70	68
Total	143	123	124
Credit Operating Profit	\$ 170	\$ 140	\$ 129
Average accounts receivable balance	\$1,504	\$1,329	\$1,298

Merchant fees represent the sales discount fees charged to our retail operations. Deferred billing fees represent charges for carrying non-revenue earning revolving balances. Both the merchant and deferred billing fees are intercompany transfer prices that are eliminated in consolidation. Operating expenses, measured on an all-inclusive basis, represent expenses for granting and operating credit.

In 1995, we will finalize the consolidation of the credit operations, which will provide efficiencies as well as lower overall operating expenses. Recognizing credit's strategic support of our core retail operations, credit revenue and operating profit continue to be recorded in each of the operating divisions results.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Millions of Dollars, Except Per Share Data)

BUSINESS SEGMENTS	1994	1993	1992

REVENUES			
Target	\$13,600	\$11,743	\$10,393
Mervyn's	4,561	4,436	4,510
Department Store Division	3,150	3,054	3,024
Other	-	-	-

Total	\$21,311	\$19,233	\$17,927

OPERATING PROFIT			
Target	\$ 732	\$ 662	\$ 574
Mervyn's	206	179	284
Department Store Division	270	268	228

Total	1,208	1,109	1,086
Interest expense, net	426	446	437
Corporate and other	68	56	38

Earnings before income taxes	\$ 714	\$ 607	\$ 611

OPERATING PROFIT AS A PERCENT OF REVENUES			
Target	5.4%	5.6%	5.5%
Mervyn's	4.5	4.0	6.3
Department Store Division	8.6	8.8	7.5

ASSETS			
Target	\$ 6,247	\$ 5,495	\$ 4,913
Mervyn's	2,917	2,750	3,042
Department Store Division	2,392	2,240	2,292
Corporate and other	141	293	90

Total	\$11,697	\$10,778	\$10,337

DEPRECIATION			
Target	\$ 293	\$ 263	\$ 236
Mervyn's	145	146	135
Department Store Division	92	88	87
Corporate and other	1	1	1

Total	\$ 531	\$ 498	\$ 459

CAPITAL EXPENDITURES			
Target	\$ 842	\$ 716	\$ 571
Mervyn's	146	180	294
Department Store Division	96	80	72
Corporate and other	11	2	1

Total	\$ 1,095	\$ 978	\$ 938

CONSOLIDATED RESULTS OF OPERATIONS
(Millions of Dollars, Except Per Share Data)

	1994	1993	1992
REVENUES	\$21,311	\$19,233	\$17,927
COSTS AND EXPENSES			
Cost of retail sales, buying and occupancy	15,636	14,164	13,129
Selling, publicity and administrative	3,631	3,175	2,978
Depreciation	531	498	459
Interest expense, net	426	446	437
Taxes other than income taxes	373	343	313
Total Costs and Expenses	20,597	18,626	17,316
Earnings Before Income Taxes	714	607	611
Provision for Income Taxes	280	232	228
NET EARNINGS	\$ 434	\$ 375	\$ 383
PRIMARY EARNINGS PER SHARE	\$ 5.77	\$ 4.99	\$ 5.02
FULLY DILUTED EARNINGS PER SHARE	\$ 5.52	\$ 4.77	\$ 4.82
AVERAGE COMMON SHARES OUTSTANDING (Millions):			
Primary	72.0	71.8	71.6
Fully Diluted	76.3	76.1	75.9

See Notes to Consolidated Financial Statements contained throughout pages 21-32.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Millions of Dollars, Except Per Share Data)

REVENUES

Finance charge revenues and late fees on internal credit sales were \$248 million on sales of \$3.6 billion in 1994, \$200 million on sales of \$3.5 billion in 1993 and \$191 million on sales of \$3.5 billion in 1992. Lease department sales were \$156 million, \$165 million and \$163 million in 1994, 1993, and 1992, respectively.

INCOME TAXES

Reconciliation of tax rates is as follows:

PERCENT OF EARNINGS BEFORE INCOME TAXES	1994	1993	1992
Federal statutory rate	35.0%	35.0%	34.0%
State income taxes, net of federal tax benefit	4.7	4.6	4.7
Cumulative effect of adopting SFAS No. 109	-	(1.4)	-
Targeted Jobs Tax Credits	(.7)	(.4)	(.5)
Dividends on preferred stock	(.6)	(.5)	(1.5)
Other	.8	.9	.6
Effective tax rate	39.2%	38.2%	37.3%

The components of the provision for income taxes were:

INCOME TAX PROVISION: EXPENSE/(BENEFIT)	1994	1993	1992
Current:			
Federal	\$ 262	\$ 166	\$ 176
State	59	37	41
	321	203	217
Deferred:			
Federal	(34)	23	8
State	(7)	6	3
	(41)	29	11
Total	\$ 280	\$ 232	\$ 228

The components of the net deferred tax liability were:

NET DEFERRED TAX LIABILITY	JANUARY 28, 1995	January 29, 1994
Gross deferred tax liabilities:		
Property and equipment	\$ 311	\$ 304
Inventory	34	37
Other	45	34
	390	375
Gross deferred tax assets:		
Self-insured benefits	93	69
Deferred compensation	66	55
Postretirement health care obligation	44	41
Purchase accounting	41	(33)
Other	90	59
	334	191
Total	\$ 56	\$ 184

INCOME TAXES (CONTINUED)

In 1993, the Corporation adopted Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes," which requires the use of the liability method of accounting for deferred income taxes. Prior to this, income taxes were calculated according to SFAS No. 96, "Accounting for Income Taxes," which was superseded by SFAS No. 109. The cumulative and 1993 effects of the adoption were not significant. Prior-year financial statements have not been restated. Also with this adoption the financial reporting deductibility of the Employee Stock Ownership Plan (ESOP) preferred stock dividends earned was reduced to shares allocated to participant accounts versus all outstanding ESOP shares.

ADVERTISING COSTS

Advertising costs, included in selling, publicity and administrative expenses, are expensed as incurred and were \$604 million, \$494 million and \$437 million for 1994, 1993 and 1992, respectively.

EARNINGS PER SHARE

Primary earnings per share equal net earnings, less dividend requirements on ESOP preferred stock (net of tax benefits in both 1994 and 1993 related to

unallocated shares associated with the adoption of SFAS No. 109), divided by the average number of common shares and common share equivalents outstanding during the period.

Fully diluted earnings per share are computed based on the average number of common shares and common share equivalents outstanding during the period. The computation assumes conversion of the ESOP preferred stock into common stock. Net earnings also are adjusted for the additional expense required to fund the ESOP debt service (net of tax benefits in both 1994 and 1993 related to unallocated shares associated with the adoption of SFAS No. 109), which results from the assumed replacement of the ESOP preferred stock dividends with common stock dividends.

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

CONSOLIDATED BALANCE SHEETS
(Millions of Dollars)

	JANUARY 28, 1995	January 29, 1994
<hr/>		
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 147	\$ 321
Accounts receivable	1,810	1,536
Merchandise inventories	2,777	2,497
Other	225	157
<hr/>		
Total Current Assets	4,959	4,511
<hr/>		
PROPERTY AND EQUIPMENT		
Land	1,251	1,120
Buildings and improvements	5,208	4,753
Fixtures and equipment	2,257	2,162
Construction-in-progress	293	248
Accumulated depreciation	(2,624)	(2,336)
<hr/>		
Net Property and Equipment	6,385	5,947
OTHER	353	320
<hr/>		
TOTAL ASSETS	\$11,697	\$10,778
<hr/>		
LIABILITIES AND COMMON SHAREHOLDERS' INVESTMENT		
CURRENT LIABILITIES		
Accounts payable	\$ 1,961	\$ 1,654
Accrued liabilities	1,045	903
Income taxes payable	175	145
Current portion of long-term debt and notes payable	209	373
<hr/>		
Total Current Liabilities	3,390	3,075
<hr/>		
LONG-TERM DEBT	4,488	4,279
<hr/>		
DEFERRED INCOME TAXES AND OTHER	582	536
<hr/>		
CONVERTIBLE PREFERRED STOCK	360	368
LOAN TO ESOP	(166)	(217)
<hr/>		
COMMON SHAREHOLDERS' INVESTMENT		
Common stock	72	72
Additional paid-in capital	89	73
Retained earnings	2,882	2,592
<hr/>		
Total Common Shareholders' Investment	3,043	2,737
<hr/>		
TOTAL LIABILITIES & COMMON SHAREHOLDERS' INVESTMENT	\$11,697	\$10,778
<hr/>		

See Notes to Consolidated Financial Statements contained throughout pages 21-32.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Millions of Dollars, Except Per Share Data)

CASH EQUIVALENTS

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

ACCOUNTS RECEIVABLE

Accounts receivable are written off when the required payments have not been received for six consecutive months. The allowance for doubtful accounts was \$46 million and \$35 million at year-end 1994 and 1993, respectively.

INVENTORIES

Inventories and the related cost of sales are accounted for by the retail inventory accounting method using the last-in, first-out (LIFO) basis and are stated at the lower of LIFO cost or market. Under this method, the cost of retail sales, as reported in the Consolidated Results of Operations, represents current cost, thereby reflecting the effect of changing prices. The cumulative LIFO provision was \$61 million and \$80 million at year-end 1994 and 1993, respectively.

In 1993, Mervyn's and DSD adopted internally-generated price indices utilized in the LIFO calculation to determine retail price changes. Target had previously adopted an internally-generated price index. These internal indices capture the inventory valuation impact of lower retail prices resulting from value-pricing strategies. Previously, Mervyn's and DSD used the Bureau of Labor Statistics' Department Store Inventory Price Index to estimate retail price changes. This change generated a pre-tax LIFO credit of \$77 million, or \$.63 per share in 1993, which represented a major portion of the total year credit. The cumulative effect of this change and the impact for any year prior to 1993 was not determinable.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method over estimated useful lives. Buildings and improvements are depreciated over eight to 55 years. Furniture and fixtures are depreciated over three to eight years. Accelerated depreciation methods generally are used for income tax purposes.

ACCOUNTS PAYABLE

Outstanding drafts included in accounts payable were \$352 million and \$239 million at year-end 1994 and 1993, respectively.

LEASES

Assets held under capital leases are included in property and equipment and are charged to depreciation and interest over the life of the lease. Operating leases are not capitalized and lease rentals are expensed. Rent expense on buildings, classified in buying and occupancy, includes percentage rents which are based on a percentage of retail sales over stated levels. Total rent expense was \$123 million, \$100 million and \$94 million in 1994, 1993 and 1992, respectively.

Most of the long-term leases include options to renew, with terms varying from five to 30 years. Certain leases also include options to purchase the property. Future minimum lease payments required under noncancelable lease agreements existing at the end of 1994 were:

FUTURE MINIMUM LEASE PAYMENTS	Operating Leases	Capital Leases
1995	\$ 120	\$ 19
1996	114	19
1997	95	18
1998	87	18
1999	78	17
After 1999	503	169
Total future minimum lease payments	997	260
Less: Interest*	(396)	(137)
Executory costs		(4)
Present value of minimum lease payments	\$ 601	\$119**

* Calculated using the average interest rate in the year of inception for each lease (weighted average interest rate - 9.7%).

** Includes current portion of \$5 million.

COMMITMENTS AND CONTINGENCIES

Commitments for the purchase of real estate, construction of new facilities, remodeling of existing facilities and other equipment purchases over the next year were approximately \$367 million at January 28, 1995.

The Corporation is exposed to claims and litigation arising out of the ordinary course of business. Management, after consulting with legal counsel, believes that the presently identified claims and litigation will not have a material adverse effect on the Corporation's results of operations or its financial condition taken as a whole.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Millions of Dollars)

	1994	1993	1992
<hr/>			
OPERATING ACTIVITIES			
Net earnings	\$ 434	\$ 375	\$ 383
Reconciliation to cash flow:			
Depreciation	531	498	459
Deferred tax provision: (benefit)/expense	(41)	29	11
Other noncash items affecting earnings	19	60	48
Changes in operating accounts providing/ (requiring) cash:			
Accounts receivable	(274)	(22)	(84)
Merchandise inventories	(280)	121	(237)
Accounts payable	307	58	272
Accrued liabilities	147	63	142
Income taxes payable	30	20	27
Other	19	17	(37)
<hr/>			
Cash Flow Provided by Operations	892	1,219	984
<hr/>			
INVESTING ACTIVITIES			
Expenditures for property and equipment	(1,095)	(969)	(918)
Proceeds from disposals of property and equipment	89	79	10
<hr/>			
Cash Flow Required for Investing Activities	(1,006)	(890)	(908)
<hr/>			
Net Financing (Requirements)/Sources	(114)	329	76
<hr/>			
FINANCING ACTIVITIES			
Decrease in notes payable	(200)	(23)	(242)
Additions to long-term debt	447	528	550
Reductions of long-term debt	(199)	(581)	(290)
Principal payments received on loan to ESOP	58	61	58
Dividends paid	(144)	(138)	(133)
Other	(22)	28	2
<hr/>			
Cash Flow Used by Financing Activities	(60)	(125)	(55)
<hr/>			
Net (Decrease)/Increase in Cash and Cash Equivalents	(174)	204	21
Cash and Cash Equivalents at Beginning of Year	321	117	96
<hr/>			
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 147	\$ 321	\$ 117
<hr/>			

Amounts in these statements are presented on a cash basis and therefore may differ from those shown in other sections of this annual report. Cash paid for income taxes was \$292 million, \$183 million and \$189 million for 1994, 1993 and 1992, respectively. Cash paid for interest (including interest capitalized) was \$431 million, \$441 million and \$438 million for 1994, 1993 and 1992, respectively.

See Notes to Consolidated Financial Statements contained throughout pages 21-32.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Millions of Dollars, Except Per Share Data)

LINES OF CREDIT

At year-end, two revolving credit agreements totaling \$1 billion were available from various lending institutions. There were no balances outstanding at January 28, 1995 or January 29, 1994. A fee is paid for the availability under these agreements and the Corporation may borrow at various specified rates. Fees paid under these agreements were \$1 million in 1994 and \$2 million each in 1993 and 1992.

LONG-TERM DEBT

At January 28, 1995, \$447 million of notes payable were outstanding, all of which was classified as long-term debt as it was supported by the Corporation's revolving credit agreement, which expires in 1999. Beginning in 1994, notes payable are classified as long-term, provided the term of the related credit agreement exceeds one year and to the extent any unused commitments thereunder equal or exceed the amount of notes payable outstanding. The average amount of notes payable outstanding during 1994 was \$418 million at a weighted average interest rate 4.9%.

The average interest rate on our total debt portfolio, excluding capital leases, was 8.8% in 1994.

At year end the debt portfolio was as follows:

	JANUARY 28, 1995	January 29, 1994
LONG-TERM DEBT		
Notes payable	\$ 447	\$ 200
4.65% to 9.95%, Notes and other, due 1994-1999	544	711
6.625% to 10% Notes and other, due 2000-2004	1,037	1,037
9.25% to 9.625% Debentures and other, due 2005-2009	201	201
8.6% to 10.03% Debentures and other, due 2010-2014	549	549
9.25% to 9.875% Debentures and other, due 2015-2019	514	541
7.65% to 9.99% Debentures, due 2020-2023	1,286	1,286
Total unsecured notes and debentures, and other	4,578	4,525
Capital lease obligations	119	127
Less: current portion	(209)	(373)
Long-term debt	\$4,488	\$4,279

Required principal payments on long-term debt and notes payable over the next five years, excluding capital lease obligations, are \$204 million in 1995, \$68 million in 1996, \$100 million in 1997, \$170 million in 1998 and \$449 million in 1999.

LONG-TERM DEBT (CONTINUED)

In 1994, the Corporation entered into interest rate swap agreements which effectively exchange fixed interest rates for variable interest rates on \$175 million of long-term debt without the exchange of underlying principal. The interest rate swaps were entered into to manage the portfolio mix of fixed and floating rate debt, within established parameters. The difference to be paid or received varies as short-term interest rates change and is accrued and recognized as an adjustment to interest expense. The initial terms of the agreements range from one to three years. Market risks arise from the movements in interest rates. The Corporation's credit risk is limited to the fair market value of the interest rate swaps. During 1994, the Corporation terminated fixed interest rate swaps at a premium of \$22 million. The premium is being amortized into interest expense through 1999. At January 28, 1995, the unamortized premium was \$19 million.

Subsequent to year-end, the Corporation issued \$150 million of long-term debt at 7.5%, maturing in 1999. The proceeds from the issuance were used for general corporate purposes.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts and estimated fair values of financial instruments were as follows:

	JANUARY 28, 1995	January 29, 1994
--	---------------------	---------------------

	CARRYING VALUE	FAIR VALUE	Carrying Value	Fair Value
Financial instruments recorded as long-term liabilities:				
Unsecured notes, and debentures, and other debt	\$4,578	\$4,701	\$4,525	\$5,167
Off-balance sheet financial instruments:				
Interest rate swaps	-	(7)	-	(31)

The fair value of long-term debt and interest rate swaps was estimated using discounted cash flow analysis, based on the Corporation's current incremental interest rates for similar types of financial instruments. The carrying value of cash equivalents approximates fair value due to its short maturity.

CONSOLIDATED STATEMENTS OF COMMON SHAREHOLDERS' INVESTMENT
(Millions of Dollars)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Total

FEBRUARY 1, 1992	\$71	\$51	\$2,109	\$2,231
Consolidated net earnings	-	-	383	383
Dividends declared	-	-	(135)	(135)
Conversion of preferred stock	-	3	-	3
Stock option activity	-	4	-	4

JANUARY 30, 1993	71	58	2,357	2,486
Consolidated net earnings	-	-	375	375
Dividends declared	-	-	(140)	(140)
Tax benefit on unallocated preferred stock dividends	-	6	-	6
Conversion of preferred stock	-	6	-	6
Stock option activity	1	3	-	4

JANUARY 29, 1994	72	73	2,592	2,737
Consolidated net earnings	-	-	434	434
Dividends declared	-	-	(144)	(144)
Tax benefit on unallocated preferred stock dividends	-	6	-	6
Conversion of preferred stock	-	7	-	7
Stock option activity	-	3	-	3

JANUARY 28, 1995	\$72	\$89	\$2,882	\$3,043
=====				

COMMON STOCK

Authorized 500,000,000 shares, \$1.00 par value; 71,690,360 shares issued and outstanding at January 28, 1995; 71,525,082 shares issued and outstanding at January 29, 1994.

PREFERRED STOCK

Authorized 5,000,000 shares; Series B ESOP Convertible Preferred Stock \$.01 par value, 416,675 shares issued and outstanding at January 28, 1995; 425,979 shares issued and outstanding at January 29, 1994. Each share converts into ten shares of the Corporation's common stock, has voting rights equal to the equivalent number of common shares, and is entitled to cumulative annual dividends of \$56.20. Under certain circumstances, the shares may be redeemed at the election of the Corporation or the ESOP.

JUNIOR PREFERRED STOCK RIGHTS

The Corporation declared a distribution of shares of preferred share purchase rights in 1986. Terms of the plan provide for a distribution of one preferred share purchase right for each outstanding share of Dayton Hudson common stock. Each right will entitle shareholders to buy one-hundredth of a share of a new series of junior participating preferred stock at an exercise price of \$150, subject to adjustment. The rights will be exercisable only if a person or group acquires ownership of 20% or more of Dayton Hudson common stock or announces a tender offer to acquire 30% or more of the common stock.

See Notes to Consolidated Financial Statements contained throughout pages 21-32.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Millions of Dollars, Except Per Share Data)

STOCK OPTION PLAN

The Corporation has a stock option plan for key employees. Grants have included stock options, performance shares and beginning in 1993, restricted stock awards. Options have included Incentive Stock Options, Non-Qualified Stock Options or a combination of the two. Twelve months after the grant date 25% of a majority of options granted become exercisable with another 25% after each succeeding 12 months. These options are cumulatively exercisable and expire no later than 10 years after the date of the grant. Stock options are awarded at fair market value on the grant date. When exercised, proceeds are credited to common shareholders' investment and no expense is incurred.

Beginning in 1993, performance shares earned and restricted stock awarded generally vest at the end of a four-year period, at which time common stock is issued and placed in escrow, subject to further restrictions. Prior to 1993, performance shares earned were paid in cash and common stock. Compensation expense on performance shares was recorded based on the current market price of the Corporation's common stock and the extent to which certain earnings and return on investment goals were met relative to an established group of retail competitors. Compensation expense on restricted stock was recorded based on the current market price of the Corporation's common stock. Performance share and restricted stock award expense was \$2 million in 1994, less than \$1 million in 1993 and \$3 million in 1992.

The number of shares of unissued common stock reserved for future grants under the plan was 2,961,931 at the end of 1994 and 3,106,901 at the end of 1993.

OPTIONS, PERFORMANCE SHARES AND
RESTRICTED STOCK AWARDS OUTSTANDING

	Options		Shares Exer- cisable	Perform- ance Shares	Restricted Stock Awards
	Number of Shares	Price Per Share			
Feb. 1, 1992	1,071,166	\$17.44 - \$75.50	561,774	190,215	-
Granted	198,027	59.81 - 67.63			
Canceled	(14,666)	17.44 - 75.50			
Exercised	(100,109)	17.44 - 53.19			
Jan. 30, 1993	1,154,418	30.25 - 75.50	590,807	207,758	-
Granted	205,268	65.25 - 83.25			
Canceled	(16,856)	53.00 - 78.00			
Exercised	(70,009)	30.25 - 75.50			
Jan. 29, 1994	1,272,821	30.25 - 83.25	654,624	247,689	30,494
Granted	200,886	75.31 - 79.63			
Canceled	(69,538)	59.81 - 78.00			
Exercised	(78,169)	30.25 - 78.00			
JAN. 28, 1995	1,326,000	\$30.25 - \$83.25	837,723	247,956	43,562

PENSION PLANS

The Corporation has three defined benefit pension plans which cover all employees who meet certain requirements of age, length of service and hours worked per year. The benefits provided are based upon years of service and the employee's compensation.

Contributions to the pension plans, which are made solely by the Corporation, are determined by an outside actuarial firm. To compute net pension cost, the actuarial firm estimates the total benefits which will ultimately be paid to eligible employees and then allocates these costs to service periods.

The period over which unrecognized pension costs and credits are amortized, including prior service costs and actuarial gains and losses, is based on the remaining service period for those employees expected to receive pension benefits.

NET PENSION EXPENSE	1994	1993	1992
Service cost-benefits earned during the period	\$ 25	\$ 22	\$ 19
Interest cost on projected benefit obligation	33	32	30
Return on assets-current	(10)	(50)	(30)
-deferred	(26)	14	(1)
Total	\$ 22	\$ 18	\$ 18

ACTUARIAL ASSUMPTIONS	1994	1993	1992
Discount rate	8 1/2%	7 1/4%	8 1/2%
Expected long-term rate of return on plans' assets	9	9 1/2	9 1/2
Average assumed rate of compensation increase	5 1/2	5 1/4	7

During 1994 and 1993, the Corporation changed certain actuarial assumptions used in the calculation of its projected benefit obligation for the defined benefit plans. The net effect of these changes on future years' expense is not expected to be significant.

FUNDED STATUS	December 31,	
	1994	1993
Actuarial present value of:		
Vested benefit obligation	\$ 342	\$ 385
Accumulated benefit obligation	364	411
Projected benefit obligation	425	466
Fair market value of plans' assets*	455	454
Plans' assets in excess of/(less than) projected benefit obligation	30	(12)
Unrecognized prior service cost	3	4
Unrecognized net actuarial loss	8	42
Prepaid pension asset	\$ 41	\$ 34

* Plans' assets consist primarily of equity and fixed income securities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Millions of Dollars, Except Per Share Data)

SUPPLEMENTAL RETIREMENT AND SAVINGS PLAN

The Corporation sponsors a defined contribution employee benefit plan. Employees who meet certain eligibility requirements of age, length of service and hours worked per year, can participate in the plan by investing up to 15% of their compensation.

The Corporation's match equals 100% of each employee's contribution up to 5% of each participant's total compensation, within ERISA limits. The Corporation's contribution to the plan is invested in the ESOP.

In 1989, the Corporation lent \$379 million to the ESOP at a 9% interest rate with an estimated maturity of 15 years. Proceeds from the loan were used by the ESOP to purchase 438,353 shares of Series B ESOP Convertible Preferred Stock of the Corporation. The original issue value of the ESOP preferred stock of \$864.60 per share is guaranteed by the Corporation.

The Corporation's contributions to the ESOP, plus dividends paid on all preferred stock held by the ESOP, are used to repay the loan principal and interest. Cash contributed to the ESOP was \$50 million in 1994 and \$61 million each in 1993 and 1992. Dividends earned on shares held by the ESOP were \$24 million each in 1994, 1993 and 1992. The dividends on allocated preferred stock are paid in additional shares of preferred stock. Benefits expense, calculated based on the shares allocated method, was \$33 million each in 1994 and 1993 and \$28 million in 1992.

Upon a participant's termination, the Corporation is required to purchase the preferred stock in exchange for common stock at the current market price. At January 28, 1995, 226,890 shares of the ESOP preferred stock were allocated to participants and had a fair value of \$202 million.

POSTRETIREMENT HEALTH CARE BENEFITS

Certain health care benefits are provided for retired employees. Employees eligible for retirement become eligible for these benefits if they meet minimum age and service requirements and agree to contribute a portion of the cost. The Corporation has the right to modify or terminate these benefits.

ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION	December 31,	
	1994	1993
Retirees	\$ 47	\$51
Fully eligible active plan participants	22	26
Other active plan participants	10	14
Prior service cost	(5)	(7)
Unrecognized gain	29	14
Total	\$103	\$98

POSTRETIREMENT HEALTH CARE BENEFITS (CONTINUED)

NET PERIODIC COST	1994	1993	1992
	Service cost - benefits earned during the period	\$2	\$1
Interest cost on accumulated benefit	6	8	8
Total	\$8	\$9	\$9

An increase in the cost of covered health care benefits of 8 1/2% is assumed for fiscal 1995. The rate is assumed to decrease incrementally to 6% in the year 2000 and remain at that level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported. For example, a 1% increase in the health care trend rate would increase the accumulated postretirement benefit obligation by \$5 million at year-end 1994 and the net periodic cost by \$1 million for the year. The discount rate used in determining the accumulated postretirement benefit obligation was 8 1/2% for 1994, 7 1/4% for 1993 and 8 1/2% for 1992.

During 1994 and 1993, the Corporation changed certain actuarial assumptions used in the calculation of its projected benefit obligation for the postretirement health care benefits. The net effect of these changes on future years' expense is not expected to be significant.

SUMMARY OF OTHER ACCOUNTING POLICIES

CONSOLIDATION The financial statements include the accounts of the Corporation

after elimination of material intercompany balances and transactions. All subsidiaries are wholly owned.

FISCAL YEAR Our fiscal year ends on the Saturday nearest January 31.

Fiscal Year	Ended	Weeks
1994	January 28, 1995	52
1993	January 29, 1994	52
1992	January 30, 1993	52

Unless otherwise stated, references to years in this report relate to fiscal years rather than to calendar years.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Millions of Dollars, Except Per Share Data)

CREDIT CARD SUBSIDIARY

Retailers National Bank (the Bank), a national credit card bank and a wholly owned subsidiary, was chartered on January 7, 1994. The Bank, at inception, acquired the outstanding accounts receivable of DSD and Target. During 1994, the Bank acquired the outstanding accounts receivable of Mervyn's. The Bank issues and services the operating divisions' proprietary credit cards. In September 1994, the Bank participated an 80% undivided interest of its accounts receivable to another wholly owned subsidiary of the Corporation (the Affiliate). The accounts receivable and all related income and expenses of the Bank and the Affiliate are included in each operating division's results.

Net earnings for the Bank on a stand-alone basis, before intercompany eliminations, were \$69 million in 1994 and insignificant in 1993. The following are condensed balance sheets for the Bank.

CONDENSED BALANCE SHEETS	JANUARY 28, 1995	January 29, 1994
Assets:		
Accounts receivable, net	\$346	\$699
Other assets	43	16
Total	\$389	\$715
Liabilities and investment:		
Liabilities, principally note payable and deposit due to the Corporation, respectively	\$207	\$634
Investment of the Corporation	182	81
Total	\$389	\$715

QUARTERLY RESULTS (Unaudited)

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

The table below summarizes results by quarter for 1994 and 1993:

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Total Year	
	1994	1993	1994	1993	1994	1993	1994	1993	1994	1993
Revenues	\$ 4,465	\$ 4,040	\$ 4,802	\$ 4,287	\$ 5,046	\$ 4,625	\$ 6,998	\$ 6,281	\$21,311	\$19,233
Gross Profit (a)	\$ 1,212	\$ 1,067	\$ 1,283	\$ 1,107	\$ 1,351	\$ 1,208	\$ 1,829	\$ 1,687	\$ 5,675	\$ 5,069
Net Earnings	\$ 39	\$ 30	\$ 49	\$ 24	\$ 67	\$ 43	\$ 279	\$ 278	\$ 434	\$ 375
Earnings Per Share (b)	\$.47	\$.35	\$.61	\$.28	\$.83	\$.53	\$ 3.62	\$ 3.62	\$ 5.52	\$ 4.77
Fully Diluted Average										
Common Shares Outstanding (Millions)	76.3	76.1	76.3	76.0	76.3	76.1	76.2	76.1	76.3	76.1
Dividends Declared Per Share	\$.42	\$.40	\$.42	\$.40	\$.42	\$.40	\$.42	\$.42	\$ 1.68	\$ 1.62
Common Stock Price (c)										
High	\$ 79	\$83-3/4	\$83-5/8	\$ 75	\$ 86	\$71-7/8	\$ 84	74-3/4	86	\$83-3/4
Low	65-1/8	69-1/8	76-1/4	63-1/4	73-3/4	65	67-3/8	65-7/8	65-1/8	63-1/4

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

(b) Earnings per share are computed independently for each of the quarters presented. The sum of the quarters may not equal the total-year amount due to the impact of changes in average quarterly shares outstanding.

(c) Dayton Hudson Corporation's common stock is listed on the New York Stock Exchange and Pacific Stock Exchange. At March 24, 1995 there were 11,287 shareholders of record and the common stock price was \$71.25 per share.

REPORT OF INDEPENDENT AUDITORS
Board of Directors and Shareholders
Dayton Hudson Corporation

We have audited the accompanying consolidated balance sheets of Dayton Hudson Corporation and subsidiaries as of January 28, 1995 and January 29, 1994, and the related consolidated results of operations, cash flows and common shareholders' investment for each of the three years in the period ended January 28, 1995. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Dayton Hudson Corporation and subsidiaries at January 28, 1995 and January 29, 1994, and the consolidated results of their operations and their cash flows for each of the three years in the period ended January 28, 1995, in conformity with generally accepted accounting principles.

As discussed in the notes to the consolidated financial statements, in 1993 the Corporation changed its method of estimating retail price indices used in its LIFO inventory valuation for Mervyn's and the Department Store Division.

Ernst & Young LLP

Minneapolis, Minnesota
March 17, 1995

SUMMARY FINANCIAL AND OPERATING DATA
(Millions of Dollars, Except Per Share Data)

	1994	1993	1992	1991	1990
INCOME STATEMENT DATA					
Revenues	\$ 21,311	19,233	17,927	16,115	14,739
Cost of retail sales, buying and occupancy	\$ 15,636	14,164	13,129	11,751	10,652
Selling, publicity and administrative	\$ 3,631	3,175	2,978	2,801	2,478
Depreciation	\$ 531	498	459	410	369
Interest expense, net	\$ 426	446	437	398	325
Earnings from continuing operations before income taxes	\$ 714	607	611	472	659
Income taxes	\$ 280	232	228	171	249
Net earnings: Continuing (b)	\$ 434	375	383	301	412
Consolidated	\$ 434	375	383	301	412
FINANCIAL POSITION DATA					
Working capital	\$ 1,569	1,436	1,450	1,452	1,236
Property and equipment	\$ 6,385	5,947	5,563	5,102	4,525
Total assets	\$ 11,697	10,778	10,337	9,485	8,524
Long-term debt	\$ 4,488	4,279	4,330	4,227	3,682
Convertible preferred stock	\$ 360	368	374	377	379
Common shareholders' investment	\$ 3,043	2,737	2,486	2,231	2,048
PER COMMON SHARE DATA					
Fully diluted net earnings per share:					
Continuing (b)	\$ 5.52	4.77	4.82	3.72	5.20
Consolidated	\$ 5.52	4.77	4.82	3.72	5.20
Cash dividend declared	\$ 1.68	1.62	1.54	1.46	1.35
Market price - high	\$ 86	83 3/4	79 1/8	80	78 1/8
Market price - low	\$ 65 1/8	63 1/4	59	56 3/8	47
Market price - close	\$ 69	65 7/8	77 3/4	65 1/8	65 3/4
Common shareholders' investment	\$ 42.45	38.27	34.83	31.31	28.82

The Summary Financial and Operating Data should be read in conjunction with the Notes to Consolidated Financial Statements contained throughout pages 21-32.

(b) Includes cumulative income effect of two accounting changes, net, of \$2 million (\$.03 per share) in 1990.

DAYTON HUDSON CORPORATION 1994 FACTS

- . America's fourth largest general merchandise retailer with revenues of \$21.3 billion.
- . Serves guests through 960 stores in 33 states.
- . Among America's 20 largest private employers, with a workforce totaling 194,000.
- . Largest commitment to community giving of any general merchandise retailer with 1994 giving of approximately \$24 million. Only major retailer to invest five percent of its federally taxable income in social action and arts programs in store communities.

TARGET

Target is an upscale discounter, providing quality merchandise at low prices in guest-friendly stores. It has 611 stores coast-to-coast.

(Millions of Dollars)	1994	1993	1992
Revenues	\$13,600	\$11,743	\$10,393
Operating Profit	\$ 732	\$ 662	\$ 574
Stores	611	554	506
Retail Square Feet*	64,446	58,087	52,211

MERVYN'S

Mervyn's is a middle-market promotional department store focused on apparel and soft goods. The division operates 286 stores in 15 states in the Northwest, West, Southwest, Southeast and Michigan.

(Millions of Dollars)	1994	1993	1992
Revenues	\$ 4,561	\$ 4,436	\$ 4,510
Operating Profit	\$ 206	\$ 179	\$ 284
Stores	286	276	265
Retail Square Feet*	23,130	22,273	21,305

DEPARTMENT STORES

The Department Store Division emphasizes fashion leadership, quality merchandise and superior guest service. The Division operates 63 full-service, full-line department stores through three store groups in nine states primarily in the Midwest: 19 Dayton's stores, 21 Hudson's stores and 23 Marshall Field's stores.

(Millions of Dollars)	1994	1993	1992
Revenues	\$ 3,150	\$ 3,054	\$ 3,024
Operating Profit	\$ 270	\$ 268	\$ 228
Stores	63	63	63
Retail Square Feet*	13,824	13,824	13,846

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

TARGET LOCATIONS

	RETAIL SQ. FT. IN THOUSANDS	NO. OF STORES
Arizona	2,340	22
Arkansas	186	2
California	13,180	123
Colorado	2,014	19
Florida	5,381	49
Georgia	1,500	15
Idaho	309	3
Illinois	4,327	38
Indiana	2,694	30
Iowa	1,592	17
Kansas	572	6
Kentucky	563	6
Louisiana	202	2
Michigan	4,307	41
Minnesota	4,764	41
Missouri	835	8
Montana	299	3
Nebraska	780	8
Nevada	842	8
New Mexico	403	4
North Carolina	595	6
North Dakota	416	4
Ohio	809	7
Oklahoma	782	8
Oregon	944	9
South Carolina	297	3
South Dakota	391	4
Tennessee	1,413	14
Texas	7,372	69
Washington	1,927	19
Wisconsin	2,228	21
Wyoming	182	2
TOTAL	64,446	611

MAJOR MARKETS

Greater Los Angeles	65
Minneapolis/St. Paul	29
Chicago	24
Detroit	21
Dallas/Ft. Worth	20
Houston	19
San Francisco Bay Area	17
Phoenix	15
Atlanta	14
Miami/Ft. Lauderdale	14
Denver	13
San Diego	12
Seattle/Tacoma	10
Indianapolis	10

EMPLOYEES

(AT YEAR-END): 123,000

MERVYN'S LOCATIONS

	RETAIL SQ. FT. IN THOUSANDS	NO. OF STORES
Arizona	1,230	15
California	9,920	127
Colorado	927	12
Florida	1,732	19
Georgia	563	7
Idaho	83	1
Louisiana	538	7
Michigan	1,175	15
Nevada	412	6
New Mexico	180	2
Oklahoma	270	3
Oregon	555	7
Texas	3,416	42
Utah	762	8
Washington	1,367	15
TOTAL	23,130	286

MAJOR MARKETS

Greater Los Angeles	50
San Francisco Bay Area	22
Miami/Ft. Lauderdale	14
Dallas/Ft. Worth	13
San Diego	12
Phoenix	11
Houston	10
Detroit	9

Seattle/Tacoma	8
Atlanta	7
Denver	7

EMPLOYEES
(AT YEAR-END): 35,000

DEPARTMENT STORE LOCATIONS

	RETAIL SQ. FT. IN THOUSANDS	NO. OF STORES
DAYTON'S		
Minnesota	2,748	12
North Dakota	299	3
South Dakota	102	1
Wisconsin	349	3
HUDSON'S		
Indiana	246	2
Michigan	4,315	18
Ohio	187	1
MARSHALL FIELD'S		
Illinois	3,944	15
Ohio	201	1
Texas	721	4
Wisconsin	712	3
TOTAL	13,824	63

MAJOR MARKETS

Chicago	14
Minneapolis/St. Paul	10
Detroit	9

EMPLOYEES
(AT YEAR-END): 36,000

EXHIBIT (21)

SUBSIDIARIES OF REGISTRANT

As of April 1, 1995, the following are wholly-owned subsidiaries of the Registrant and are Minnesota corporations, except as otherwise indicated:

Bullseye Corporation (Delaware)
CPS Minnesota Corp. (Delaware)
Dayton Credit Company
Dayton Development Company
Dayton's Commercial Interiors, Inc.
Dayton Hudson Investment Corporation
Dayton's Iron Horse Liquors, Inc.
Dayton's Sioux Falls, Inc. (South Dakota)
Dayton's Travel Service, Inc.
Eighth Street Development Company
Mervyn's (California)
Mervyn's, Inc. (Delaware)
Retailers National Bank, N.A. (national association)
Rooftop, Inc.
Seatamatic, Inc. (Nevada)
STL of Nebraska, Inc.
Target Stores, Inc.

Capitol Lounge Corp. (Wisconsin)
Clybourn Trading Corp. (Wisconsin)
DHC Milwaukee, Inc. (Wisconsin)
DHC Wine & Liquor Shop, Inc. (Wisconsin)
Greener Fields, Inc. (Texas)
Marshall Field & Company (Delaware)
Marshall Field's Chicago, Inc. (Delaware)
Marshall Field's Direct Response Company, Inc. (Delaware)
Marshall Field of Columbus, Inc. (Ohio)
Marshall Field's Mayfair, Inc. (Wisconsin)
Marshall Field Stores, Inc. (Delaware)

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Annual Report (Form 10-K) of Dayton Hudson Corporation of our report dated March 17, 1995, included in the 1994 Annual Report to Shareholders of Dayton Hudson Corporation.

Our audits also included the financial statement schedule of Dayton Hudson 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, present fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in Registration Statement Numbers 33-42364 and 33-59008 on Form S-3 and Post-Effective Amendment No. 1 to Registration Statement Number 2-72549 and Registration Statement Numbers 33-6918 and 33-66050 on Form S-8 of our report dated March 17, 1995, 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 Dayton Hudson Corporation.

/s/ Ernst & Young LLP

Minneapolis, Minnesota
April 18, 1995

DAYTON HUDSON CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of DAYTON HUDSON CORPORATION, a Minnesota corporation, does hereby make, constitute and appoint ROBERT J. ULRICH, STEPHEN E. WATSON, JAMES T. HALE, DOUGLAS A. SCOVANNER and EDWIN H. WINGATE, 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 such director and/or officer of said Corporation to a Form 10-K, Annual Report, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended January 28, 1995, 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 Supplemental Retirement, Savings, and Employee Stock Ownership Plan and similar plans pursuant to Section 15(d) of the Securities Exchange Act of 1934, and all amendments, supplementations and corrections thereto, to be filed by said Corporation with the Securities and Exchange Commission, Washington, D.C. as required in connection with its registration under the Securities Exchange Act of 1934, as amended, granting unto 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.

IN WITNESS WHEREOF, the undersigned has hereunto set the undersigned's hand as of this 8th day of March, 1994.

/s/ Rand V. Araskog

Rand V. Araskog

DAYTON HUDSON CORPORATION

Power of Attorney
of Director and/or Officer

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director and/or officer of DAYTON HUDSON CORPORATION, a Minnesota corporation, does hereby make, constitute and appoint ROBERT J. ULRICH, STEPHEN E. WATSON, JAMES T. HALE, DOUGLAS A. SCOVANNER and EDWIN H. WINGATE, 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 such director and/or officer of said Corporation to a Form 10-K, Annual Report, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended January 28, 1995, 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 Supplemental Retirement, Savings, and Employee Stock Ownership Plan and similar plans pursuant to Section 15(d) of the Securities Exchange Act of 1934, and all amendments, supplementations and corrections thereto, to be filed by said Corporation with the Securities and Exchange Commission, Washington, D.C. as required in connection with its registration under the Securities Exchange Act of 1934, as amended, granting unto 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.

IN WITNESS WHEREOF, the undersigned has hereunto set the undersigned's hand as of this 8th day of March, 1994.

/s/ Robert A. Burnett

Robert A. Burnett

DAYTON HUDSON CORPORATION

Power of Attorney
of Director and/or Officer

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IN WITNESS WHEREOF, the undersigned has hereunto set the undersigned's hand as of this 8th day of March, 1994.

/s/ Livio D. DeSimone

Livio D. DeSimone

DAYTON HUDSON CORPORATION

Power of Attorney
of Director and/or Officer

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IN WITNESS WHEREOF, the undersigned has hereunto set the undersigned's hand as of this 8th day of March, 1994.

/s/ Roger A. Enrico

Roger A. Enrico

DAYTON HUDSON CORPORATION

Power of Attorney
of Director and/or Officer

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IN WITNESS WHEREOF, the undersigned has hereunto set the undersigned's hand as of this 8th day of March, 1994.

/s/ William W. George

William W. George

DAYTON HUDSON CORPORATION

Power of Attorney
of Director and/or Officer

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IN WITNESS WHEREOF, the undersigned has hereunto set the undersigned's hand as of this 8th day of March, 1994.

/s/ Roger L. Hale

Roger L. Hale

DAYTON HUDSON CORPORATION

Power of Attorney
of Director and/or Officer

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IN WITNESS WHEREOF, the undersigned has hereunto set the undersigned's hand as of this 8th day of March, 1994.

/s/ Betty Ruth Hollander

Betty Ruth Hollander

DAYTON HUDSON CORPORATION

Power of Attorney
of Director and/or Officer

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IN WITNESS WHEREOF, the undersigned has hereunto set the undersigned's hand as of this 8th day of March, 1994.

/s/ Michele J. Hooper

Michele J. Hooper

DAYTON HUDSON CORPORATION

Power of Attorney
of Director and/or Officer

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IN WITNESS WHEREOF, the undersigned has hereunto set the undersigned's hand as of this 8th day of March, 1994.

/s/ Mary Patterson McPherson

Mary Patterson McPherson

DAYTON HUDSON CORPORATION

Power of Attorney
of Director and/or Officer

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IN WITNESS WHEREOF, the undersigned has hereunto set the undersigned's hand as of this 8th day of March, 1994.

/s/ Solomon D. Trujillo

Solomon D. Trujillo

DAYTON HUDSON CORPORATION

Power of Attorney
of Director and/or Officer

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IN WITNESS WHEREOF, the undersigned has hereunto set the undersigned's hand as of this 8th day of March, 1994.

/s/ Robert J. Ulrich

Robert J. Ulrich

DAYTON HUDSON CORPORATION

Power of Attorney
of Director and/or Officer

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IN WITNESS WHEREOF, the undersigned has hereunto set the undersigned's hand as of this 8th day of March, 1994.

/s/ John R. Walter

John R. Walter

DAYTON HUDSON CORPORATION

Power of Attorney
of Director and/or Officer

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IN WITNESS WHEREOF, the undersigned has hereunto set the undersigned's hand as of this 8th day of March, 1994.

/s/ Stephen E. Watson

Stephen E. Watson

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM DAYTON HUDSON CORPORATION'S FORM 10-K FOR THE YEAR ENDED JANUARY 28, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000,000

YEAR		
	JAN-28-1995	
	JAN-29-1994	
	JAN-28-1995	147
		0
	1,856	
	46	
	2,777	
	4,959	9,009
	2,624	
	11,697	
	3,390	
		4,488
		72
	360	
		0
		2,882
	11,697	
		21,031
	21,311	
		15,636
	15,636	
	4,469	
	66	
	426	
	714	
		280
	434	
		0
		0
		0
		434
		5.77
		5.52