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

FORM 10-Q

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

For the quarterly period ended April 29, 2017

Commission File Number 1-6049

TARGET CORPORATION

(Exact name of registrant as specified in its charter)

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

Registrant's telephone number, including area code: 612/304-6073
Former name, former address and former fiscal year, if changed since last report: N/A

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer x   Accelerated filer o   Non-accelerated filer o
Smaller reporting company o   Emerging growth company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

Indicate the number of shares outstanding of each of registrant's classes of common stock, as of the latest practicable date. Total shares of common stock, par value $0.0833, outstanding at May 16, 2017 were 551,708,283.

TARGET CORPORATION

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Consolidated Statements of Operations

(millions, except per share data) (unaudited)		Three Months Ended April 29, 2017		Three Months Ended April 30, 2016
Sales	$	16,017	$	16,196
Cost of sales		11,134		11,185
Gross margin		4,883		5,011
Selling, general and administrative expenses		3,132		3,153
Depreciation and amortization		573		546
Earnings from continuing operations before interest expense and income taxes		1,178		1,312
Net interest expense		144		415
Earnings from continuing operations before income taxes		1,034		897
Provision for income taxes		357		283
Net earnings from continuing operations		677		614
Discontinued operations, net of tax		4		18
Net earnings	$	681	$	632
Basic earnings per share				
Continuing operations	$	1.23	$	1.03
Discontinued operations		0.01		0.03
Net earnings per share	$	1.23	$	1.06
Diluted earnings per share				
Continuing operations	$	1.22	$	1.02
Discontinued operations		0.01		0.03
Net earnings per share	$	1.23	$	1.05
Weighted average common shares outstanding				
Basic		552.4		598.3
Dilutive impact of share-based awards		2.8		5.5
Diluted		555.2		603.8
Antidilutive shares		3.0		—
Dividends declared per share	$	0.60	$	0.56

Note: Per share amounts may not foot due to rounding.

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

(millions) (unaudited)	Three Months Ended April 29, 2017	Three Months Ended April 30, 2016
Net earnings	$ 681	$ 632
Other comprehensive income		
Pension and other benefit liabilities, net of taxes of $5 and $5	7	7
Currency translation adjustment and cash flow hedges, net of taxes of $1 and $1	5	5
Other comprehensive income	12	12
Comprehensive income	$ 693	$ 644

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Financial Position

(millions) (unaudited)	April 29, 2017	January 28, 2017	April 30, 2016
Assets			
Cash and cash equivalents, including short term investments of $1,135, $1,110 and $2,931	$ 2,680	$ 2,512	$ 4,036
Inventory	7,986	8,309	8,459
Assets of discontinued operations	26	69	354
Other current assets	1,047	1,100	1,099
Total current assets	11,739	11,990	13,948
Property and equipment			
Land	6,105	6,106	6,120
Buildings and improvements	27,740	27,611	27,198
Fixtures and equipment	5,177	5,503	5,112
Computer hardware and software	2,546	2,651	2,437
Construction-in-progress	379	200	242
Accumulated depreciation	(17,265)	(17,413)	(16,060)
Property and equipment, net	24,682	24,658	25,049
Noncurrent assets of discontinued operations	10	12	81
Other noncurrent assets	787	771	830
Total assets	$ 37,218	$ 37,431	$ 39,908
Liabilities and shareholders' investment			
Accounts payable	$ 6,537	$ 7,252	$ 6,391
Accrued and other current liabilities	4,137	3,737	3,833
Current portion of long-term debt and other borrowings	1,717	1,718	1,627
Liabilities of discontinued operations	1	1	168
Total current liabilities	12,392	12,708	12,019
Long-term debt and other borrowings	11,086	11,031	12,596
Deferred income taxes	869	861	841
Noncurrent liabilities of discontinued operations	18	18	18
Other noncurrent liabilities	1,832	1,860	1,889
Total noncurrent liabilities	13,805	13,770	15,344
Shareholders' investment			
Common stock	46	46	49
Additional paid-in capital	5,674	5,661	5,520
Retained earnings	5,927	5,884	7,593
Accumulated other comprehensive loss	(626)	(638)	(617)
Total shareholders' investment	11,021	10,953	12,545
Total liabilities and shareholders' investment	$ 37,218	$ 37,431	$ 39,908

Common Stock Authorized 6,000,000,000 shares, $.0833 par value; 551,657,501, 556,156,228 and 593,583,619 shares issued and outstanding at April 29, 2017, January 28, 2017 and April 30, 2016, respectively.

Preferred Stock Authorized 5,000,000 shares, $.01 par value; no shares were issued or outstanding at April 29, 2017, January 28, 2017 or April 30, 2016.

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

(millions) (unaudited)	Three Months Ended April 29, 2017	Three Months Ended April 30, 2016
Operating activities		
Net earnings	$ 681	$ 632
Earnings from discontinued operations, net of tax	4	18
Net earnings from continuing operations	677	614
Adjustments to reconcile net earnings to cash provided by operations		
Depreciation and amortization	573	546
Share-based compensation expense	16	35
Deferred income taxes	3	12
Loss on debt extinguishment	—	261
Noncash (gains) / losses and other, net	(28)	(29)
Changes in operating accounts		
Inventory	323	142
Other assets	22	99
Accounts payable	(715)	(1,024)
Accrued and other liabilities	384	(403)
Cash provided by operating activities—continuing operations	1,255	253
Cash provided by / (required for) operating activities—discontinued operations	48	(6)
Cash provided by operations	1,303	247
Investing activities		
Expenditures for property and equipment	(486)	(285)
Proceeds from disposal of property and equipment	13	3
Other investments	(9)	3
Cash required for investing activities	(482)	(279)
Financing activities		
Additions to long-term debt	—	1,979
Reductions of long-term debt	(8)	(863)
Dividends paid	(332)	(336)
Repurchase of stock	(317)	(898)
Stock option exercises	4	140
Cash (required for) / provided by financing activities	(653)	22
Net increase / (decrease) in cash and cash equivalents	168	(10)
Cash and cash equivalents at beginning of period	2,512	4,046
Cash and cash equivalents at end of period	**$ 2,680**	**$ 4,036**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Shareholders' Investment

(millions) (unaudited)	Common Stock Shares	Stock Par Value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) / Income	Total
January 30, 2016	602.2	$ 50	$ 5,348	$ 8,188	$ (629)	$ 12,957
Net earnings	—	—	—	2,737	—	2,737
Other comprehensive loss	—	—	—	—	(9)	(9)
Dividends declared	—	—	—	(1,359)	—	(1,359)
Repurchase of stock	(50.9)	(4)	—	(3,682)	—	(3,686)
Stock options and awards	4.9	—	313	—	—	313
January 28, 2017	556.2	$ 46	$ 5,661	$ 5,884	$ (638)	$ 10,953
Net earnings	—	—	—	681	—	681
Other comprehensive income	—	—	—	—	12	12
Dividends declared	—	—	—	(333)	—	(333)
Repurchase of stock	(4.9)	—	—	(305)	—	(305)
Stock options and awards	0.4	—	13	—	—	13
April 29, 2017	551.7	$ 46	$ 5,674	$ 5,927	$ (626)	$ 11,021

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements (unaudited)

1. Accounting Policies

These financial statements should be read in conjunction with the financial statement disclosures in our 2016 Form 10-K. We use the same accounting policies in preparing quarterly and annual financial statements. All adjustments necessary for a fair presentation of quarterly operating results are reflected herein and are of a normal, recurring nature. Certain prior-year amounts have been reclassified to conform to the current year presentation. Unless otherwise noted, amounts presented within the Notes to Consolidated Financial Statements refer to our continuing operations.

Due to the seasonal nature of our business, quarterly revenues, expenses, earnings, and cash flows are not necessarily indicative of the results that may be expected for the full year.

2. Revenues

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. We plan to adopt the standard in the first quarter of fiscal 2018 using the full retrospective approach. We do not expect the standard to materially affect our consolidated net earnings, financial position, or cash flows.

We are evaluating the impact the standard has on our determination of whether we act as principal or agent in certain vendor arrangements where the purchase and sale of inventory is virtually simultaneous. We currently record revenue and related costs gross, with approximately 3 percent of consolidated sales made under such arrangements. Due to the varying terms of these arrangements, the presentation required under the standard will depend on contract-specific terms and, in some instances, may result in net presentation of these amounts. Any change to net presentation would not impact gross margin or earnings. We are also evaluating the presentation of certain ancillary income streams, including credit card profit sharing income.

3. Fair Value Measurements

Fair value measurements are reported in one of three levels reflecting the valuation techniques used to to determine fair value.

Fair Value Measurements - Recurring Basis		Fair Value at		
(millions)	Pricing Category	April 29, 2017	January 28, 2017	April 30, 2016
Assets				
Cash and cash equivalents				
Short-term investments	Level 1	$ 1,135	$ 1,110	$ 2,931
Other current assets				
Prepaid forward contracts	Level 1	37	26	35
Beneficial interest asset	Level 3	9	12	16
Interest rate swaps[(a)]	Level 2	—	1	5
Other noncurrent assets				
Interest rate swaps[(a)]	Level 2	4	4	26
Beneficial interest asset	Level 3	—	—	9
Liabilities				
Other current liabilities				
Interest rate swaps[(a)]	Level 2	—	—	3

[(a)] See Note 5 for additional information on interest rate swaps.

Significant Financial Instruments not Measured at Fair Value [a]	April 29, 2017		January 28, 2017		April 30, 2016	
(millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Debt [b]	$ 11,717	$ 12,610	$ 11,715	$ 12,545	$ 13,280	$ 14,974

[a] The carrying amounts of certain other current assets, accounts payable, and certain accrued and other current liabilities approximate fair value due to their short-term nature.
[b] The carrying amount and estimated fair value of debt exclude unamortized swap valuation adjustments and capital lease obligations.

4. Notes Payable and Long-Term Debt

We obtain short-term financing from time to time under our commercial paper program, a form of notes payable. No balances were outstanding at any time during the three months ended April 29, 2017 and April 30, 2016.

In April 2016, we issued unsecured fixed rate debt of $1 billion at 2.5% that matures in April 2026 and $1 billion at 3.625% that matures in April 2046. During the three months ended April 30, 2016, we used cash on hand and proceeds from these issuances to repurchase $565 million of debt before its maturity at a market value of $820 million. We recognized a loss on early retirement of approximately $261 million, which was recorded in net interest expense in our Consolidated Statements of Operations.

In May 2016, we used cash on hand and proceeds from the April issuances to repurchase an additional $824 million of debt before its maturity at a market value of $981 million. We recognized an additional loss on early retirement of approximately $160 million in the second quarter of 2016. The $824 million of debt repurchased during the second quarter of 2016 was classified as current in our Consolidated Statements of Financial Position at April 30, 2016.

In May 2017, we used cash on hand to repay $598 million of debt at its maturity.

5. Derivative Financial Instruments

Our derivative instruments primarily consist of interest rate swaps, which we use to mitigate interest rate risk. As a result of our use of derivative instruments, we have counterparty credit exposure to large global financial institutions. We monitor this concentration of counterparty credit risk on an ongoing basis. See Note 3 for a description of the fair value measurement of our derivative instruments and their classification on the Consolidated Statements of Financial Position.

As of April 29, 2017 and April 30, 2016, interest rate swaps with notional amounts totaling $1,000 million and $1,250 million, respectively, were designated fair value hedges. No ineffectiveness was recognized during the three months ended April 29, 2017 or April 30, 2016.

As of April 29, 2017, one interest rate swap with a notional amount of $250 million was not designated a fair value hedge because it was de-designated concurrent with the repurchase of debt during the first half of 2016. As of April 30, 2016, two interest rate swaps, each with a notional amount of $500 million, were not designated fair value hedges. These two interest rate swaps had largely offsetting terms and matured during the second quarter of 2016.

During the three months ended April 29, 2017 and April 30, 2016, we recorded income of $4 million and $8 million, respectively, within net interest expense on our Consolidated Statements of Operations related to periodic payments, valuation adjustments, and amortization of gains or losses on our interest rate swaps.

6. Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The new standard requires lessees to record assets and liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement.

We must adopt the standard no later than the first quarter of 2019, which begins on February 3, 2019. A modified retrospective transition approach is required for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements.

We plan to adopt the standard in the first quarter of 2018. We expect to elect the package of practical expedients, including the use of hindsight to determine the lease term. While lease classification will remain unchanged, hindsight may result in different accounting lease terms for certain leases and affect the timing of related depreciation, interest, and rent expense. We do not expect to apply the recognition requirements to short-term leases and will recognize those lease payments in the Consolidated Statements of Operations on a straight-line basis over the lease term.

While we are continuing to assess the standard, we anticipate this standard will have a material impact on our Consolidated Statements of Financial Position, but will not materially affect our consolidated net earnings. We believe the addition of retail-store and office-space operating leases to our balance sheet will represent the most significant change. We also expect a reduction to the amount of finance lease assets and liabilities on our Consolidated Statements of Financial Position, primarily due to our use of hindsight to reduce certain lease terms.

We do not believe the new standard will have a notable impact on our liquidity. The standard will have no impact on our debt-covenant compliance under our current agreements.

7. Share Repurchase

	Three Months Ended	
(millions, except per share data)	April 29, 2017	April 30, 2016
Total number of shares purchased	4.9	11.4
Average price paid per share	$ 61.68	$ 78.37
Total investment	$ 305	$ 893

8. Pension Benefits

We provide pension plan benefits to certain eligible team members.

Net Pension Benefits Expense	Three Months Ended	
(millions)	April 29, 2017	April 30, 2016
Service cost	$ 21	$ 21
Interest cost	34	34
Expected return on assets	(61)	(64)
Amortization of losses	15	12
Amortization of prior service cost	(3)	(3)
Settlement charges	—	—
Total	$ 6	$ —

In March 2017, the FASB issued ASU 2017-07, *Compensation – Retirement Benefits (Topic 715)*, which requires employers to disaggregate and present separately the current service cost component from the other components of net benefit cost within the Consolidated Statement of Operations. We plan to adopt the standard in the first quarter of fiscal 2018. We are evaluating the presentation of the other components of net benefit cost.

9. Accumulated Other Comprehensive (Loss) / Income

(millions)	Cash Flow Hedges	Currency Translation Adjustment	Pension and Other Benefits	Total
January 28, 2017	$ (16)	$ (21)	$ (601)	$ (638)
Other comprehensive income before reclassifications	—	4	—	4
Amounts reclassified from AOCI	1 [(a)]	—	7 [(b)]	8
April 29, 2017	$ (15)	$ (17)	$ (594)	$ (626)

[(a)] Represents gains and losses on cash flow hedges, net of $1 million of taxes.
[(b)] Represents amortization of pension and other benefit liabilities, net of $5 million of taxes.

10. Segment Reporting

Our segment measure of profit (segment earnings before interest expense and income taxes) is used by management to evaluate performance and make operating decisions. We operate as a single segment that includes all of our continuing operations, which are designed to enable guests to purchase products seamlessly in stores or through our digital channels.

Business Segment Results	Three Months Ended	
(millions)	April 29, 2017	April 30, 2016
Sales	$ 16,017	$ 16,196
Cost of sales	11,134	11,185
Gross margin	4,883	5,011
Selling, general, and administrative expenses [(b)]	3,132	3,142
Depreciation and amortization	573	546
Segment earnings before interest expense and income taxes	1,178	1,323
Pharmacy Transaction-related costs [(a)(b)]	—	(11)
Earnings from continuing operations before interest expense and income taxes	1,178	1,312
Net interest expense	144	415
Earnings from continuing operations before income taxes	$ 1,034	$ 897

Note: Amounts may not foot due to rounding.
[(a)] For the three months ended April 30, 2016, represents items related to the December 2015 sale of our former pharmacy and clinic businesses to CVS (Pharmacy Transaction).
[(b)] The sum of segment SG&A expenses and Pharmacy Transaction-related costs equal consolidated SG&A expenses.

Reconciliation of Segment Assets to Total Assets (millions)	April 29, 2017	January 28, 2017	April 30, 2016
Segment assets	$ 37,182	$ 37,350	$ 39,457
Assets of discontinued operations	36	81	435
Unallocated assets [(a)]	—	—	16
Total assets	$ 37,218	$ 37,431	$ 39,908

[(a)] Represents the insurance receivable related to the 2013 data breach.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Executive Summary

First quarter 2017 includes the following notable items:

- GAAP earnings per share from continuing operations were $1.22.
- Adjusted earnings per share from continuing operations were $1.21.
- Comparable sales decreased (1.3) percent, driven by small declines in both traffic and average transaction amount.
- Comparable digital channel sales increased 22 percent.
- We returned $637 million to shareholders in the first quarter through dividends and share repurchase.

Sales were $16,017 million for the three months ended April 29, 2017, a decrease of $179 million or 1.1 percent from the same period in the prior year. Operating cash flow provided by continuing operations was $1,255 million and $253 million for the three months ended April 29, 2017 and April 30, 2016, respectively. The operating cash flow increase is due to the payment of approximately $500 million of taxes during the first quarter of 2016, primarily related to the December 2015 sale of our pharmacy and clinic businesses (Pharmacy Transaction), a smaller decrease in accounts payable in the first quarter of 2017 compared to the first quarter of 2016 related to timing, and a larger first quarter 2017 inventory reduction.

Earnings Per Share from Continuing Operations	Three Months Ended		
	April 29, 2017	April 30, 2016	Change
GAAP diluted earnings per share	$ 1.22	$ 1.02	20.0 %
Adjustments	(0.01)	0.27	
Adjusted diluted earnings per share	$ 1.21	$ 1.29	(6.1)%

Note: Amounts may not foot due to rounding. Adjusted diluted earnings per share from continuing operations (Adjusted EPS), a non-GAAP metric, excludes the impact of certain items not related to our routine retail operations. Management believes that Adjusted EPS is meaningful to provide period-to-period comparisons of our operating results. A reconciliation of non-GAAP financial measures to GAAP measures is provided on page 14.

We report after-tax return on invested capital (ROIC) from continuing operations because we believe ROIC provides a meaningful measure of the effectiveness of our capital allocation over time. For the trailing twelve months ended April 29, 2017, ROIC was 14.2 percent, compared with 16.0 percent for the trailing twelve months ended April 30, 2016. Excluding the net gain on the Pharmacy Transaction, ROIC was 14.0 percent for the trailing twelve months ended April 30, 2016. A reconciliation of ROIC is provided on page 15.

Analysis of Results of Operations

Segment Results

	Three Months Ended		
(dollars in millions)	April 29, 2017	April 30, 2016	Percent Change
Sales	$ 16,017	$ 16,196	(1.1)%
Cost of sales	11,134	11,185	(0.5)
Gross margin	4,883	5,011	(2.5)
SG&A expenses [(a)]	3,132	3,142	(0.3)
EBITDA	1,751	1,869	(6.3)
Depreciation and amortization	573	546	5.0
EBIT	$ 1,178	$ 1,323	(11.0)%

Note: See Note 10 of our Financial Statements for a reconciliation of our segment results to earnings before income taxes.
[(a)] For the three months ended April 29, 2017 and April 30, 2016, SG&A includes $171 million and $158 million, respectively, of net profit-sharing income under our credit card program agreement.

Rate Analysis	Three Months Ended	
	April 29, 2017	April 30, 2016
Gross margin rate	30.5%	30.9%
SG&A expense rate	19.6	19.4
EBITDA margin rate	10.9	11.5
Depreciation and amortization expense rate	3.6	3.4
EBIT margin rate	7.4	8.2

Note: Rate analysis metrics are computed by dividing the applicable amount by sales.

Sales

Sales include all merchandise sales, net of expected returns, and gift card breakage. Digital channel sales include all sales initiated through mobile applications and our conventional websites. Digital channel sales may be fulfilled through our distribution centers, our vendors, or our stores.

Sales by Channel	Three Months Ended	
	April 29, 2017	April 30, 2016
Stores	95.7%	96.5%
Digital	4.3	3.5
Total	100%	100%

Sales by Product Category	Three Months Ended	
	April 29, 2017	April 30, 2016
Food, beverage, and pet supplies	24%	24%
Household essentials	23	23
Apparel and accessories	21	21
Home furnishings and décor	17	17
Hardlines	15	15
Total	100%	100%

Comparable sales is a measure that highlights the performance of our stores and digital channels by measuring the change in sales for a period over the comparable, prior-year period of equivalent length. Comparable sales include all sales, except sales from stores open less than 13 months, digital acquisitions we have owned less than 13 months, stores that have been closed, and digital acquisitions that we no longer operate. Comparable sales measures vary across the retail industry. As a result, our comparable sales calculation is not necessarily comparable to similarly titled measures reported by other companies.

Comparable Sales	Three Months Ended	
	April 29, 2017	April 30, 2016
Comparable sales change	(1.3)%	1.2%
Drivers of change in comparable sales		
Number of transactions	(0.8)	0.3
Average transaction amount	(0.6)	0.9

Note: Amounts may not foot due to rounding.

Contribution to Comparable Sales Change	Three Months Ended	
	April 29, 2017	April 30, 2016
Stores channel comparable sales change	(2.2)%	0.6%
Digital channel contribution to comparable sales change	0.8	0.6
Total comparable sales change	(1.3)%	1.2%

Note: Amounts may not foot due to rounding.

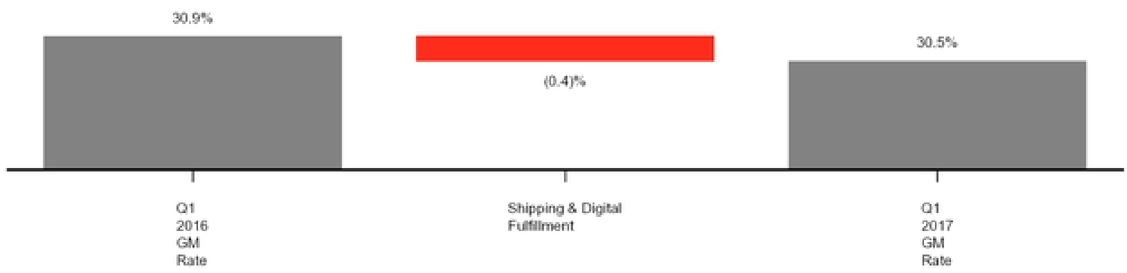
The collective interaction of a broad array of macroeconomic, competitive, and consumer behavioral factors, as well as sales mix, and transfer of sales to new stores makes further analysis of sales metrics infeasible.

We monitor the percentage of sales that are paid for using REDcards (REDcard Penetration) because our internal analysis has indicated that a meaningful portion of the incremental purchases on REDcards are also incremental sales for Target. Guests receive a 5 percent discount on virtually all purchases when they use a REDcard at Target.

REDcard Penetration	Three Months Ended	
	April 29, 2017	April 30, 2016
Target Debit Card	13.5%	13.0%
Target Credit Cards	11.0	10.4
Total REDcard Penetration	24.5%	23.4%

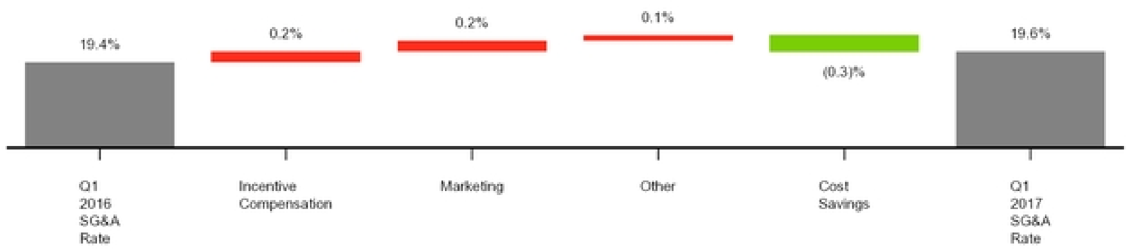
Note: Amounts may not foot due to rounding.

Gross Margin Rate



For the three months ended April 29, 2017, our gross margin rate was 30.5 percent compared with 30.9 percent in the comparable period last year. Virtually all of the decrease was due to increased shipping and digital fulfillment costs.

Selling, General, and Administrative Expense Rate



For the three months ended April 29, 2017, our SG&A expense rate was 19.6 percent compared to 19.4 percent in the comparable period last year. The increase was primarily due to higher incentive compensation and timing of marketing campaigns, partially offset by cost savings driven by efficiency in our technology operations.

Store Data

Change in Number of Stores	Three Months Ended	
	April 29, 2017	April 30, 2016
Beginning store count	1,802	1,792
Opened	5	1
Closed	—	—
Ending store count	1,807	1,793

Number of Stores and Retail Square Feet	Number of Stores			Retail Square Feet [(a)]		
	April 29, 2017	January 28, 2017	April 30, 2016	April 29, 2017	January 28, 2017	April 30, 2016
170,000 or more sq. ft.	276	276	278	49,328	49,328	49,688
50,000 to 169,999 sq. ft.	1,505	1,504	1,505	189,746	189,620	189,677
49,999 or less sq. ft.	26	22	10	709	554	211
Total	1,807	1,802	1,793	239,783	239,502	239,576

[(a)] In thousands, reflects total square feet, less office, distribution center, and vacant space.

Other Performance Factors

Other Selling, General, and Administrative Expenses

We recorded $11 million of selling, general, and administrative expenses outside of the segment during the three months ended April 30, 2016 because they were discretely managed. Additional information about these expenses is provided within Note 10 to the Consolidated Financial Statements included in Item 1 (the Financial Statements).

Net Interest Expense

Net interest expense from continuing operations was $144 million for the three months ended April 29, 2017, compared to $415 million for the three months ended April 30, 2016. Net interest expense for the three months ended April 30, 2016 included a loss on early retirement of debt of $261 million.

Provision for Income Taxes

Our effective income tax rate from continuing operations for the three months ended April 29, 2017 was 34.5 percent compared with 31.6 percent for the three months ended April 30, 2016. The increase was primarily due to the recognition of $17 million of excess tax benefits related to share-based payments for the three months ended April 30, 2016, and the net tax effect of our global sourcing operations.

Reconciliation of Non-GAAP Financial Measures to GAAP Measures

To provide additional transparency, we have disclosed non-GAAP adjusted diluted earnings per share from continuing operations (Adjusted EPS). This metric excludes certain items presented below. We believe this information is useful in providing period-to-period comparisons of the results of our continuing operations. This measure is not in accordance with, or an alternative for, generally accepted accounting principles in the United States (GAAP). The most comparable GAAP measure is diluted earnings per share from continuing operations. Adjusted EPS should not be considered in isolation or as a substitution for analysis of our results as reported under GAAP. Other companies may calculate Adjusted EPS differently than we do, limiting the usefulness of the measure for comparisons with other companies.

	Three Months Ended					
	April 29, 2017			April 30, 2016		
(millions, except per share data)	Pretax	Net of Tax	Per Share Amounts	Pretax	Net of Tax	Per Share Amounts
GAAP diluted earnings per share from continuing operations			$ 1.22			$ 1.02
Adjustments						
Loss on early retirement of debt	$ —	$ —	$ —	$ 261	$ 159	$ 0.26
Pharmacy Transaction-related costs	—	—	—	11	7	0.01
Resolution of income tax matters	—	(7)	(0.01)	—	(2)	—
Adjusted diluted earnings per share from continuing operations			$ 1.21			$ 1.29

Note: Amounts may not foot due to rounding.

We have also disclosed after-tax return on invested capital from continuing operations (ROIC), which is a ratio based on GAAP information, with the exception of adjustments made to capitalize operating leases. Operating leases are capitalized as part of the ROIC calculation to control for differences in capital structure between us and our competitors. We believe this metric provides a meaningful measure of the effectiveness of our capital allocation over time. Other companies may calculate ROIC differently than we do, limiting the usefulness of the measure for comparisons with other companies.

After-Tax Return on Invested Capital

Numerator (dollars in millions)	Trailing Twelve Months April 29, 2017	Trailing Twelve Months April 30, 2016
Earnings from continuing operations before interest expense and income taxes	$ 4,835	$ 5,688
+ Operating lease interest [a][b]	72	82
Adjusted earnings from continuing operations before interest expense and income taxes	4,907	5,770
- Income taxes [c]	1,638	1,840
Net operating profit after taxes	**$ 3,269**	**$ 3,930**

Denominator (dollars in millions)	April 29, 2017	April 30, 2016	May 2, 2015
Current portion of long-term debt and other borrowings	$ 1,717	$ 1,627	$ 112
+ Noncurrent portion of long-term debt	11,086	12,596	12,585
+ Shareholders' equity	11,021	12,545	14,174
+ Capitalized operating lease obligations [b][d]	1,210	1,367	1,495
- Cash and cash equivalents	2,680	4,036	2,768
- Net assets of discontinued operations	17	249	335
Invested capital	$ 22,337	$ 23,850	$ 25,263
Average invested capital [e]	**$ 23,093**	**$ 24,556**	
After-tax return on invested capital [f]	**14.2%**	**16.0%**	

[a] Represents the add-back to operating income to reflect the hypothetical interest expense we would incur if the property under our operating leases were owned or accounted for as capital leases, using eight times our trailing twelve months rent expense and an estimated interest rate of six percent.
[b] See the following Reconciliation of Capitalized Operating Leases table for the adjustments to our GAAP total rent expense to obtain the hypothetical capitalization of operating leases and related operating lease interest.
[c] Calculated using the effective tax rate for continuing operations, which was 33.4 percent and 31.9 percent for the trailing twelve months ended April 29, 2017 and April 30, 2016, respectively. For the trailing twelve months ended April 29, 2017 and April 30, 2016, includes tax effect of $1,614 million and $1,814 million, respectively, related to EBIT and $24 million and $26 million, respectively, related to operating lease interest.
[d] Calculated as eight times our trailing twelve months rent expense.
[e] Average based on the invested capital at the end of the current period and the invested capital at the end of the comparable prior period.
[f] Excluding the net gain on the Pharmacy Transaction, ROIC was 14.0 percent for the trailing twelve months ended April 30, 2016.

Capitalized operating lease obligations and operating lease interest are not in accordance with, or an alternative for, generally accepted accounting principles in the United States. The most comparable GAAP measure is total rent expense. Capitalized operating lease obligations and operating lease interest should not be considered in isolation or as a substitution for analysis of our results as reported under GAAP.

Reconciliation of Capitalized Operating Leases	Trailing Twelve Months		
(dollars in millions)	April 29, 2017	April 30, 2016	May 2, 2015
Total rent expense	$ 151	$ 171	$ 187
Capitalized operating lease obligations (total rent expense x 8)	1,210	1,367	1,495
Operating lease interest (capitalized operating lease obligations x 6%)	72	82	n/a

Analysis of Financial Condition

Liquidity and Capital Resources

Our cash and cash equivalents balance was $2,680 million at April 29, 2017, compared with $4,036 million for the same period in 2016, primarily reflecting timing as debt issuance proceeds from the first quarter of 2016 were not fully used for early retirement of long-term debt until the second quarter of 2016. Our investment policy is designed to preserve principal and liquidity of our short-term investments. This policy allows investments in large money market funds or in highly rated direct short-term instruments that mature in 60 days or less. We also place certain dollar limits on our investments in individual funds or instruments.

Capital Allocation

We follow a disciplined and balanced approach to capital allocation, based on the following priorities, ranked in order of importance: first, we fully invest in opportunities to grow our business profitably, create sustainable long-term value, and maintain our current operations and assets; second, we maintain a competitive quarterly dividend and seek to grow it annually; and finally, we return excess cash to shareholders by repurchasing shares within the limits of our credit rating goals.

Cash Flows

Operating cash flow provided by continuing operations was $1,255 million for the three months ended April 29, 2017, compared with $253 million for the same period in 2016. The increase is primarily due to the payment of approximately $500 million of taxes during the first quarter of 2016 related to the Pharmacy Transaction, a smaller decrease in accounts payable in the first quarter of 2017 compared to the first quarter of 2016 related to timing, and a larger first quarter 2017 inventory reduction. These cash flows, combined with our prior year-end cash position, allowed us to invest in the business, pay dividends, and repurchase shares under our share repurchase program.

Share Repurchases

During the three months ended April 29, 2017 and April 30, 2016, we returned $305 million and $893 million, respectively, to shareholders through share repurchase. In first quarter 2017, repurchases were primarily made under a pre-existing trading plan implemented in 2016. See Part II, Item 2 of this Quarterly Report on Form 10-Q and Note 7 to the Financial Statements for more information.

Dividends

We paid dividends totaling $332 million ($0.60 per share) for the three months ended April 29, 2017, and $336 million ($0.56 per share) for the three months ended April 30, 2016, a per share increase of 7.1 percent. We declared dividends totaling $333 million ($0.60 per share) in first quarter 2017, a per share increase of 7.1 percent over the $335 million ($0.56 per share) of declared dividends during the first quarter of 2016. We have paid dividends every quarter since our 1967 initial public offering, and it is our intent to continue to do so in the future.

Short-term and Long-term Financing

Our financing strategy is to ensure liquidity and access to capital markets, to maintain a balanced spectrum of debt maturities, and to manage our net exposure to floating interest rate volatility. Within these parameters, we seek to minimize our borrowing costs. Our ability to access the long-term debt and commercial paper markets has provided us with ample sources of liquidity. Our continued access to these markets depends on multiple factors, including the condition of debt capital markets, our operating performance, and maintaining strong credit ratings. As of April 29, 2017 our credit ratings were as follows:

Credit Ratings	Moody's	Standard and Poor's	Fitch
Long-term debt	A2	A	A-
Commercial paper	P-1	A-1	F2

If our credit ratings were lowered, our ability to access the debt markets, our cost of funds, and other terms for new debt issuances could be adversely impacted. Each of the credit rating agencies reviews its rating periodically and there is no guarantee our current credit ratings will remain the same as described above.

We have additional liquidity through a committed $2.5 billion revolving credit facility obtained through a group of banks in October 2016, which expires in October 2021. This unsecured revolving credit facility replaced a $2.25 billion unsecured revolving credit facility that was scheduled to expire in October 2018. No balances were outstanding under either credit facility at any time during 2017 or 2016.

Most of our long-term debt obligations contain covenants related to secured debt levels. In addition to a secured debt level covenant, our credit facility also contains a debt leverage covenant. We are, and expect to remain, in compliance with these covenants. Additionally, at April 29, 2017, no notes or debentures contained provisions requiring acceleration of payment upon a credit rating downgrade, except that certain outstanding notes allow the note holders to put the notes to us if within a matter of months of each other we experience both (i) a change in control; and (ii) our long-term debt ratings are either reduced and the resulting rating is noninvestment grade, or our long-term debt ratings are placed on watch for possible reduction and those ratings are subsequently reduced and the resulting rating is noninvestment grade.

We believe our sources of liquidity will continue to be adequate to maintain operations, finance anticipated expansion and strategic initiatives, fund debt maturities, pay dividends, and execute purchases under our share repurchase program for the foreseeable future. We continue to anticipate ample access to commercial paper and long-term financing.

Contractual Obligations and Commitments

As of the date of this report, there were no material changes to our contractual obligations and commitments outside the ordinary course of business since January 28, 2017 as reported in our 2016 Form 10-K.

New Accounting Pronouncements

Refer to Note 2, Note 6, and Note 8 of the Financial Statements for a description of new accounting pronouncements related to revenues, leases, and pension benefits, respectively. We do not expect any other recently issued accounting pronouncements will have a material effect on our financial statements.

Forward-Looking Statements

This report contains forward-looking statements, which are based on our current assumptions and expectations. These statements are typically accompanied by the words "expect," "may," "could," "believe," "would," "might," "anticipates," or words of similar import. The principal forward-looking statements in this report include: our financial performance, statements regarding the adequacy of and costs associated with our sources of liquidity, the funding of debt maturities, the continued execution of our share repurchase program, our expected capital expenditures, the expected compliance with debt covenants, the expected impact of new accounting pronouncements, our intentions regarding future dividends, the expected return on plan assets, and the expected outcome of, and adequacy of our reserves for, claims and litigation.

All such forward-looking statements are intended to enjoy the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, as amended. Although we believe there is a reasonable basis for the forward-looking statements, our actual results could be materially different. The most important factors which could cause our actual results to differ from our forward-looking statements are set forth on our description of risk factors in Item 1A of our Form 10-K for the fiscal year ended January 28, 2017, which should be read in conjunction with the forward-looking statements in this report. Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update any forward-looking statement.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in our primary risk exposures or management of market risks from those disclosed in our Form 10-K for the fiscal year ended January 28, 2017.

Item 4. Controls and Procedures

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the first quarter of 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this quarterly report, we conducted an evaluation, under supervision and with the participation of management, including the chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rules 13a-15 and 15d-15 of the Securities Exchange Act of 1934, as amended (Exchange Act). Based upon that evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are effective at the reasonable assurance level. Disclosure controls and procedures are defined by Rules 13a-15(e) and 15d-15(e) of the Exchange Act as controls and other procedures that are designed to ensure that information required to be disclosed by us in reports filed with the Securities and Exchange Commission (SEC) under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports filed under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The following update to a previously reported governmental enforcement proceeding relating to environmental matters is being reported pursuant to instruction 5(C) of Item 103 of Regulation S-K because it involves potential monetary sanctions in excess of $100,000:

> On February 27, 2015, the California Attorney General sent us a letter alleging, based on a series of compliance checks, that we have not achieved compliance with California's environmental laws and the provisions of the injunction that was part of a settlement reached in 2011. No formal legal action has been commenced, but in April 2017 the California Attorney General's Office and certain California District Attorneys' Offices made an initial settlement demand including monetary and injunctive relief. The relief being sought is not material to our financial statements.

Item 1A. Risk Factors

There have been no material changes to the risk factors described in our Annual Report on Form 10-K for the fiscal year ended January 28, 2017.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On September 20, 2016, our Board of Directors authorized a new $5 billion share repurchase program. We began repurchasing shares under this new authorization during the fourth quarter of 2016. There is no stated expiration for the share repurchase program. Under the program, we have repurchased 8.7 million shares of common stock through April 29, 2017, at an average price of $65.36, for a total investment of $0.6 billion. The table below presents information with respect to Target common stock purchases made during the three months ended April 29, 2017, by Target or any "affiliated purchaser" of Target, as defined in Rule 10b-18(a)(3) under the Exchange Act.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Dollar Value of Shares that May Yet Be Purchased Under Publicly Announced Programs
January 29, 2017 through February 25, 2017				
Open market and privately negotiated purchases	3,556,242	$ 64.02	3,556,242	$ 4,507,907,625
February 26, 2017 through April 1, 2017				
Open market and privately negotiated purchases	1,392,382	55.72	1,392,382	4,430,328,641
April 2, 2017 through April 29, 2017				
Open market and privately negotiated purchases	—	—	—	4,430,328,641
Total	4,948,624	$ 61.68	4,948,624	$ 4,430,328,641

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

(3)A	Amended and Restated Articles of Incorporation (as amended through June 9, 2010)[(1)]
(3)B	Bylaws (as amended through November 11, 2015)[(2)]
(12)	Statements of Computations of Ratios of Earnings to Fixed Charges
(10)JJ	Form of Price-Vested Stock Option Agreement
(31)A	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
(31)B	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
(32)A	Certification of the Chief Executive Officer As Adopted Pursuant to 18 U.S.C. Section 1350 Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(32)B	Certification of the Chief Financial Officer As Adopted Pursuant to 18 U.S.C. Section 1350 Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

[(1)] *Incorporated by reference to Exhibit (3)A to the Registrant's Form 8-K Report filed June 10, 2010.*

[(2)] *Incorporated by reference to Exhibit (3)A to the Registrant's Form 8-K Report filed November 12, 2015.*

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TARGET CORPORATION

Dated: May 22, 2017

By: /s/ Cathy R. Smith
Cathy R. Smith
Executive Vice President and
Chief Financial Officer
(Duly Authorized Officer and
Principal Financial Officer)

/s/ Robert M. Harrison
Robert M. Harrison
Senior Vice President, Chief Accounting Officer
and Controller

EXHIBIT INDEX

Exhibit	Description	Manner of Filing
(3)A	Amended and Restated Articles of Incorporation (as amended through June 9, 2010)	Incorporated by Reference
(3)B	Bylaws (as amended through November 11, 2015)	Incorporated by Reference
(12)	Statements of Computations of Ratios of Earnings to Fixed Charges	Filed Electronically
(10)JJ	Form of Price-Vested Stock Option Agreement	Filed Electronically
(31)A	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed Electronically
(31)B	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed Electronically
(32)A	Certification of the Chief Executive Officer As Adopted Pursuant to 18 U.S.C. Section 1350 Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed Electronically
(32)B	Certification of the Chief Financial Officer As Adopted Pursuant to 18 U.S.C. Section 1350 Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed Electronically
101.INS	XBRL Instance Document	Filed Electronically
101.SCH	XBRL Taxonomy Extension Schema	Filed Electronically
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	Filed Electronically
101.DEF	XBRL Taxonomy Extension Definition Linkbase	Filed Electronically
101.LAB	XBRL Taxonomy Extension Label Linkbase	Filed Electronically
101.PRE	XBRL Taxonomy Extension Presentation Linkbase	Filed Electronically

TARGET

Amended and Restated Target Corporation 2011 Long-Term Incentive Plan

PRICE-VESTED STOCK OPTION AGREEMENT

THIS PRICE-VESTED STOCK OPTION AGREEMENT (the "Agreement") is made in Minneapolis, Minnesota as of May 22, 2017 (the "Grant Date") by and between the Company and the person (the "Team Member") identified in the grant summary letter delivered to the Team Member (the "Award Letter"). This award of Options (collectively, may be referred to as the "Option") is being issued under the Amended and Restated Target Corporation 2011 Long-Term Incentive Plan (the "Plan") pursuant to an authorization by the Company's Board of Directors approved on April 17, 2017 (the "Approval Date"), subject to the following terms and conditions.

1. Definitions. Except as otherwise provided in this Agreement, the defined terms used in this Agreement shall have the same meaning as in the Plan. The term "Committee" shall also include those persons to whom authority has been delegated under the Plan.

2. Grant of Option. Subject to the relevant terms of the Plan and this Agreement, as of the Grant Date, the Company has granted the Team Member the number of Options set forth in the Award Letter.

3. Purchase Price. The purchase price of each Share covered by the Option, which is 100% or more of the Fair Market Value of a Share on the Grant Date, shall be as set forth in the Award Letter.

4. Exercise. The Team Member may exercise all or any part of the vested and previously unexercised portion of the Option at any time and from time to time until the Option expires, subject to the following provisions and subject to the terms of the Plan:

(a) Shares Vested and Purchasable. The right to purchase the Shares subject to the Option shall vest if the closing price of the Company's stock meets or exceeds $75 for 20 consecutive trading days within the seven-year period that begins with the Approval Date (the "Stock Price Criteria"); provided, however, that except as provided in Section 9, the Option shall not vest before the third anniversary of the Approval Date (the "Minimum Vesting Period"). For clarity, the Stock Price Criteria is not an average of the closing prices; the actual closing price must be equal to or greater than $75 for 20 consecutive trading days.

(b) Exercisable Only by the Team Member. Only (i) the Team Member, (ii) the Team Member's guardian or legal representative on behalf of the Team Member, or (iii) the Team Member's family member to the extent the Option or any part thereof is transferred to such family member pursuant to Section 8(b), may exercise the Option during the Team Member's lifetime. In the event of the Team Member's death, the Option may be exercised by the Team Member's beneficiary as designated on the form prescribed by the Company (the "Designated Beneficiary"), or if none has been designated, the representative of the Team Member's estate or the person who acquired the right to exercise the Option by will or the laws of descent and distribution, subject to the provisions of this Agreement.

(c) Option Term. Except as provided in Section 4(d), Section 9, or the Plan, the Option shall expire on the seventh anniversary of the Approval Date.

(d) Termination of Service. The Team Member may exercise the Option after the Team Member's termination of Service only as provided in Section 9 (if applicable) or this Section 4(d):

(i) Involuntary Termination.

(1) If Team Member's Service is involuntarily terminated by the Company or a Subsidiary to which Team Member is providing Service (the "Service Recipient") other than for Cause (an "Involuntary Service Separation") on or after the second anniversary of the Approval Date and before the end of the Minimum Vesting Period, then 50% of the outstanding Options shall terminate as of the date of the Involuntary Service Separation. Following such termination of 50% of the outstanding Options, the 50% of outstanding Options that remain will vest if the Stock Price Criteria has been or is satisfied at any time between the Approval Date and one year after the date of the Involuntary Service Separation. Subject to Section 4(d)(i)(4), the Team Member may exercise any vested Options during the time period that (a) begins on the latest to occur of: (i) the date the Minimum Vesting Period ends, and (ii) the date that the Stock Price Criteria are satisfied, and (b) ends on the first anniversary of the date of the Involuntary Service Separation.

(2) If the Team Member experiences an Involuntary Service Separation on or after the end of the Minimum Vesting Period but before the Stock Price Criteria have been satisfied, then 50% of the outstanding Options shall terminate as of the date of the Involuntary Service Separation. Following such termination of 50% of the outstanding Options, the 50% of outstanding Options that remain will vest if the Stock Price Criteria are satisfied prior to the first anniversary of the date of the Involuntary Service Separation. Subject to Section 4(d)(i)(4), the Team Member may exercise any vested Options during the time period that (a) begins on the date that the Stock Price Criteria are satisfied, and (b) ends on the first anniversary of the date of the Involuntary Service Separation.

(3) If the Team Member experiences an Involuntary Service Separation on or after the end of the Minimum Vesting Period and after the Stock Price Criteria have been satisfied, the Team Member's Options will have fully vested. Subject to Section 4(d)(i)(4), the Team Member may exercise the Options during the period that ends on the first anniversary of the date of the Involuntary Service Separation.

(4) As a condition to granting the post-termination extension periods described in Section 4(d)(i), the Team Member must enter into and not revoke a valid agreement with the Company containing a release of claims, a covenant not to engage in competitive employment and/or other provisions deemed appropriate by the Committee, in its sole discretion (a "Release Agreement")

(ii) Death or Disability. If the Team Member dies while a Service Provider or if the Committee determines that the Team Member is totally and permanently disabled as such term is defined for purposes of Code Section 409A ("Disability"), and the Team Member has been providing Service continuously from the Approval

Date to the date of death or Disability, then the Options will vest and become exercisable in accordance with this Section 4(d)(ii).

(1) If the Team Member's death or Disability date occurs before the end of the Minimum Vesting Period, 100% of the Team Member's Options will remain outstanding and will vest if the Stock Price Criteria has been or is satisfied at any time between the Approval Date and the fourth anniversary of the Approval Date. Pursuant to Section 4(a), such vesting shall not occur before the Minimum Vesting Period has ended. The Team Member may exercise any vested Options during the time period that (a) begins on the latest to occur of: (i) the date the Minimum Vesting Period ends, and (ii) the date that the Stock Price Criteria are satisfied, and (b) ends on the fourth anniversary of the Approval Date.

(2) If the Team Member's death or Disability date occurs on or after the end of the Minimum Vesting Period but before the Stock Price Criteria have been satisfied, 100% of the Team Member's Options will remain outstanding, and will vest if the Stock Price Criteria are satisfied on or before the first anniversary of the Team Member's death or Disability date. The Team Member may exercise any vested Options during the time period that (a) begins on the date that the Stock Price Criteria are satisfied, and (b) ends on the first anniversary of the Team Member's death or Disability date.

(3) If the Team Member's death or Disability date occurs on or after the end of the Minimum Vesting Period and after the Stock Price Criteria have been satisfied, the Team Member's Options are fully vested, and the Team Member may exercise the Options during the period that ends on the first anniversary of the Team Member's death or Disability date.

(iii) Cause. Notwithstanding any other provisions of this Agreement to the contrary, if the Committee concludes, in its sole discretion, that the Team Member's Service was terminated in whole or in part for Cause, the Option shall terminate immediately and the Team Member shall have no rights hereunder.

(iv) Other Termination. If the Team Member's termination of Service occurs for any reason other than as specified in Sections 4(d)(i) through 4(d)(iii) and the Team Member has been continuously providing Service from the Approval Date to such date of termination, the Team Member may exercise the Option within 90 days after such termination of Service, but only if the Option is vested at the time the Team Member's Service terminates. No additional vesting of the Option shall occur during this 90 day period.

(e) Changes of Service. Service shall not be deemed terminated in the case of (i) any approved leave of absence, or (ii) transfers among the Company and any Subsidiaries in the same Service Provider capacity; however, a termination of Service shall occur if (x) the relationship the Team Member had with the Company or a Subsidiary at the Approval Date terminates, even if the Team Member continues in another Service Provider capacity with the Company or a Subsidiary, or (y) the Team Member experiences a "separation from service" within the meaning of Code Section 409A.

5. Post-Exercise Holding Period. The Team Member must hold the Shares resulting from the exercise of the Options, net of exercise costs and taxes, until the first anniversary of the exercise date (the "Post-Exercise Holding Period"). This obligation applies to Team Members who are

providing Service at the time of exercise, as well as those who exercise on or after the date of their termination of Service. The Company reserves the right to place a restrictive legend on such Shares for the duration of the Post-Exercise Holding Period. During the Post-Exercise Holding Period, the Shares resulting from the exercise of the Options, net of exercise costs and taxes, may not be used by the Team Member to satisfy the Company's stock ownership guidelines.

6. Manner of Exercise. Subject to the terms and conditions of this Agreement and the Plan, the Option may be exercised by following the then-current procedures for exercise that are established by the Company.

7. Taxes. The Team Member acknowledges that (a) the ultimate liability for any and all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items") legally due by him or her is and remains the Team Member's responsibility and may exceed the amount actually withheld by the Company and/or the Service Recipient and (b) the Company and/or the Service Recipient or a former Service Recipient, as applicable, (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option, including, but not limited to, the grant, vesting and/or exercise of the Option; (ii) do not commit and are under no obligation to structure the terms of the grant or any aspect of the Option to reduce or eliminate the Team Member's liability for Tax-Related Items; (iii) may be required to withhold or account for Tax-Related Items in more than one jurisdiction if the Team Member has become subject to tax in more than one jurisdiction between the Approval Date and the date of any relevant taxable event; and (iv) may refuse to honor the exercise or refuse to deliver the Shares to the Team Member if he or she fails to comply with his or her obligations in connection with the Tax-Related Items as provided in this Section.

The Team Member authorizes and consents to the Company and/or the Service Recipient, or their respective agents, satisfying all applicable Tax-Related Items which the Company reasonably determines are legally payable by him or her by withholding from the Team Member's wages or other cash compensation paid to the Team Member by the Company and/or the Service Recipient. In lieu thereof, the Team Member may elect at the time of exercise such other then-permitted method or combination of methods established by the Company and/or the Service Recipient to satisfy the Team Member's Tax-Related Items. The Team Member shall pay in cash to the Company or the Service Recipient any amount of Tax-Related Items that the Company or the Service Recipient reasonably determines may be required to withhold as a result of his or her participation in the Plan or his or her Option exercise that cannot be satisfied by the means previously described.

8. Limitations on Transfer. The Option shall not be sold, assigned, transferred, exchanged or encumbered by the Team Member other than (a) pursuant to the terms of the Plan, or (b) by gift to a "family member" of the Team Member (as defined in General Instruction A(5) to Form S-8 under the Securities Act of 1933), provided that there is no consideration for any such transfer. Subsequent transfers of a transferred Option shall be prohibited except for a re-transfer or re-assignment for no consideration by any of the persons or entities listed in clause (b) above back to the Team Member. Following transfer, this Option shall continue to be subject to the same terms and conditions that were applicable to the Option immediately before the transfer. For purposes of any provision of this Agreement or the Plan relating to notice to the Team Member or termination of the Option upon termination of Service of the Team Member, the references to "Team Member" shall mean the original grantee of the Option and not any transferee.

9. Change in Control.

(a) In the event of a Change in Control, the extent to which the Option shall become vested and exercisable shall be determined pursuant to the Plan and as further described in this Section 9. The Stock Price Criteria shall continue to apply to any Options that are assumed or replaced in a manner contemplated by Section 11(b)(2) of the Plan following a Change in Control; provided, however, the Stock Price Criteria shall be appropriately adjusted, if necessary, to reflect the conversion of the underlying Shares into the shares of the acquiring company.

(b) If Section 11(b)(2) of the Plan applies, and within two years after a Change in Control the Team Member's Service terminates voluntarily by the Team Member for Good Reason or involuntarily without Cause, and provided that the Company has received a valid unrevoked Release Agreement from the Team Member, 100% of the Team Member's Options will remain outstanding. Such outstanding Options will vest if the Stock Price Criteria has been or is satisfied at any time prior to the later of: (i) the fourth anniversary of the Approval Date, or (ii) the first anniversary of the Team Member's termination date. The Team Member may exercise any vested Options during the time period that (1) begins on the date that the Stock Price Criteria are satisfied, and (2) ends on the later of: (A) the fourth anniversary of the Approval Date; or (B) the first anniversary of the Team Member's termination date.

(c) Following a Change in Control, Section 4(d) shall be applicable to determine the extent to which the Team Member may exercise the Option after the Team Member's termination of Service in the following circumstances: (i) if, within two years after a Change in Control, the Team Member's Service terminates for any reason other than voluntarily by the Team Member for Good Reason or involuntarily without Cause, or (ii) if the Team Member's termination of Service occurs more than two years after such Change in Control.

10. Recoupment Provision. In the event of a restatement of the Company's consolidated financial statements that is caused, in whole or in part, by the intentional misconduct of the Team Member, the Company may take one or more of the following actions with respect to the Option, as determined by the Human Resources & Compensation Committee of the Board (the "Compensation Committee") in its sole discretion, and the Team Member shall be bound by such determination:

(a) cancel all or a portion of the Option, whether vested or unvested; and

(b) require repayment of all or any portion of the amounts realized or received by the Team Member resulting from the exercise of all or any portion of the Option or the sale of Shares related to the Option.

The term "restatement" shall mean the result of revising financial statements previously filed with the Securities and Exchange Commission to reflect the correction of an error. The term "intentional misconduct" shall be limited to conduct that the Compensation Committee determines indicates intent to mislead management, the Board, or the Company's shareholders, but shall not include good faith errors in judgment made by the Team Member.

The Team Member agrees that the Company may setoff any amounts it is entitled to recover under this Section against any amounts owed by the Company to the Team Member under any of the Company's deferred compensation plans to the extent permitted under Code Section 409A. The Team Member further agrees that the terms of this Section shall survive the Team Member's termination of Service and any exercise of the Option. This Section 10 shall not apply, and no amounts may be recovered hereunder, following a Change in Control.

11. No Employment Rights. Nothing in this Agreement, the Plan or the Award Letter shall confer upon the Team Member any right to continued Service with the Company or any Subsidiary, as applicable, nor shall it interfere with or limit in any way any right of the Company or any Subsidiary, as applicable, to terminate the Team Member's Service at any time with or without Cause or change the Team Member's compensation, other benefits, job responsibilities or title provided in compliance with applicable local laws and permitted under the terms of the Team Member's Service contract, if any.

(a) The Team Member's rights to vest in or exercise the Option after termination of Service shall be determined pursuant to Sections 4(d), 6 and 9. Those rights and the Team Member's date of termination of Service will not be extended by any notice period mandated under local law (e.g., active service would not include a period of "garden leave" or similar notice period pursuant to local law).

(b) This Agreement, the Plan and the Award Letter are separate from, and shall not form, any part of the contract of Service of the Team Member, or affect any of the rights and obligations arising from the Service relationship between the Team Member and the Company and/or the Service Recipient.

(c) No Service Provider has a right to participate in the Plan. All decisions with respect to future grants, if any, shall be at the sole discretion of the Company and/or the Service Recipient.

(d) The Team Member will have no claim or right of action in respect of any decision, omission or discretion which may operate to the disadvantage of the Team Member.

12. Nature of Grant. In accepting the grant, the Team Member acknowledges, understands, and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement, and any such modification, amendment, suspension or termination will not constitute a constructive or wrongful dismissal;

(b) the Option is an extraordinary item and is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or welfare or retirement benefits or similar payments;

(c) in no event should the Option be considered as compensation for, or relating in any way to, past services for the Company or the Service Recipient, nor is the Option or the underlying Shares intended to replace any pension rights or compensation;

(d) the future value of the underlying Shares is unknown and cannot be predicted with certainty;

(e) if the underlying Shares do not increase in value, the Option will have no value;

(f) the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Team Member's participation in the Plan, the exercise of the Option and the sale of Shares at or after exercise;

(g) no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from termination of the Team Member's Service (for any reason whatsoever and whether or not in breach of local labor laws), and in consideration of the grant of the Option to which the Team Member is otherwise not entitled, the Team Member irrevocably (i) agrees never to institute any such claim against the Company or the Service Recipient, (ii) waives the Team Member's ability, if any, to bring any such claim, and (iii) releases the Company and the Service Recipient from any such claim. If, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Team Member shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claims; and

(h) the Team Member is hereby advised to consult with personal tax, legal and financial advisors regarding participation in the Plan before taking any action related to this Option or the Plan.

13. Governing Law; Venue; Jurisdiction. To the extent that federal laws do not otherwise control, this Agreement, the Award Letter, the Plan and all determinations made and actions taken pursuant to the Plan shall be governed by the laws of the State of Minnesota without regard to its conflicts-of-law principles and shall be construed accordingly. The exclusive forum and venue for any legal action arising out of or related to this Agreement shall be the United States District Court for the District of Minnesota, and the parties submit to the personal jurisdiction of that court. If neither subject matter nor diversity jurisdiction exists in the United States District Court for the District of Minnesota, then the exclusive forum and venue for any such action shall be the courts of the State of Minnesota located in Hennepin County, and the Team Member, as a condition of this Agreement, consents to the personal jurisdiction of that court.

14. Currencies and Dates. Unless otherwise stated, all dollars specified in this Agreement and the Award Letter shall be in U.S. dollars and all dates specified in this Agreement shall be U.S. dates.

15. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Team Member's participation in the Plan, on the Option and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require the Team Member to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

16. Plan and Award Letter Incorporated by Reference; Electronic Delivery. The Plan, as hereafter amended from time to time, and the Award Letter shall be deemed to be incorporated into this Agreement and are integral parts hereof. In the event there is any inconsistency between the provisions of this Agreement and the Plan, the provisions of the Plan shall govern. The Company or a third party designated by the Company may deliver to the Team Member by electronic means any documents related to his or her participation in the Plan. The Team Member acknowledges receipt of a copy of the Plan and the Award Letter.

[End of Agreement]

TARGET CORPORATION
Computations of Ratios of Earnings to Fixed Charges for the Three Months Ended April 29, 2017 and April 30, 2016 and for the Most Recent Five Fiscal Years

Ratio of Earnings to Fixed Charges	Three Months Ended		Fiscal Year Ended				
(dollars in millions)	Apr 29, 2017	Apr 30, 2016	Jan 28, 2017	Jan 30, 2016	Jan 31, 2015	Feb 1, 2014	Feb 2, 2013
Earnings from continuing operations before income taxes	$ 1,034	$ 897	$ 3,965	$ 4,923	$ 3,653	$ 4,121	$ 5,056
Capitalized interest, net	5	5	20	16	(1)	(14)	(12)
Adjusted earnings from continuing operations before income taxes	1,039	902	3,985	4,939	3,652	4,107	5,044
Fixed charges:							
Interest expense [(a)]	147	157	591	616	619	641	721
Interest portion of rental expense	28	27	107	108	108	108	106
Total fixed charges	175	184	698	724	727	749	827
Earnings from continuing operations before income taxes and fixed charges	$ 1,214	$ 1,086	$4,683	$ 5,663	$ 4,379	$ 4,856	$ 5,871
Ratio of earnings to fixed charges	6.94	5.90	6.71	7.82	6.02	6.48	7.10

[(a)] Includes interest on debt and capital leases (including capitalized interest) and amortization of debt issuance costs. Excludes interest income, the loss on early retirement of debt and interest associated with uncertain tax positions, which is recorded within income tax expense.

Exhibit (31)A

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

Certifications

I, Brian C. Cornell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Target Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 22, 2017

/s/ Brian C. Cornell
Brian C. Cornell
Chairman and Chief Executive Officer

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

Certifications

I, Cathy R. Smith, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Target Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 22, 2017

/s/ Cathy R. Smith
Cathy R. Smith
Executive Vice President and Chief Financial Officer

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
AS ADOPTED PURSUANT TO 18 U.S.C. SECTION 1350
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Target Corporation, a Minnesota corporation (“the Company”), for the quarter ended April 29, 2017, as filed with the Securities and Exchange Commission on the date hereof (“the Report”), the undersigned officer of the Company certifies pursuant to 18 U.S.C. Section 1350, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: May 22, 2017

/s/ Brian C. Cornell
Brian C. Cornell
Chairman and Chief Executive Officer

Exhibit (32)B

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
AS ADOPTED PURSUANT TO 18 U.S.C. SECTION 1350
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Target Corporation, a Minnesota corporation (“the Company”), for the quarter ended April 29, 2017, as filed with the Securities and Exchange Commission on the date hereof (“the Report”), the undersigned officer of the Company certifies pursuant to 18 U.S.C. Section 1350, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to her knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: May 22, 2017

/s/ Cathy R. Smith
Cathy R. Smith
Executive Vice President and Chief Financial Officer