



Being committed to the social, economic and environmental health of the communities we serve is a key part of Target's heritage, a cornerstone of Target's strategy and vital to our long-term success. This commitment began in 1918 when company founder George Draper Dayton formed a corporate foundation to give back to the community. And our commitment was further strengthened in 1946 when the company's management formalized our policy to contribute five percent of our federally taxable profits.

Today, Target continues to work hard to enhance the communities we serve. We are actively engaged in programs that benefit families and young children through our donations of more than \$2 million dollars each week; we endeavor to design stores that complement and protect the environment in which we operate, even as we continue to grow; and we strive to adhere to the principles of integrity and strong corporate governance that have guided our business conduct and performance for decades.

While our record of corporate responsibility is strong, we recognize that there is always more that can be done. As a result, our approach is focused on continuous improvement, consistent with the strategy we pursue throughout our business in our merchandising, our stores, our systems and our supply chain. We are pleased to issue this Corporate Responsibility Report, which provides information about our social, economic and environmental initiatives, and we will continue to update our progress in these areas in the future.

Sincerely,

Bob Ulrich
Chairman and CEO
December 2004

**Target Corporation
Corporate Responsibility Report
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Overview

Target Corporation is a retail growth company focused on providing exceptional value to U.S. consumers through our Target-brand upscale discount stores and our on-line business called Target.com. In addition to our U.S. retail operations, we have offices in over 40 countries throughout the world to support our global sourcing initiatives. Target Corporation is incorporated and headquartered in Minnesota, and has been publicly-held since our initial public offering in 1967 (NYSE: TGT).

In keeping with our heritage and longstanding practice of corporate responsibility, Target Corporation is committed to being premier in every facet of our business - for our guests, our team members, our shareholders and the communities where we do business. We strive to attain this position by:

- Delighting our guests through consistent delivery of our “Expect More Pay Less” brand promise,
- Creating a workplace in which the individuality of our team members is valued and high-performing team members can excel,
- Pursuing strategies that generate average annual earnings per share growth of 15 percent or more over time,
- Demonstrating leadership in corporate governance, and
- Ensuring the ongoing health and strength of the communities in which we operate through financial support of education, arts and social action organizations, volunteerism, and respect for our physical environment.

Discontinued Operations

On March 10, 2004, Target Corporation began a review of strategic alternatives for its Mervyn's and Marshall Field's segments. This review included, but was not limited to, the possible sale of one or both of these segments as ongoing businesses to existing retailers or other qualified buyers.

On June 9, 2004, the company entered into an agreement to sell our interest in Marshall Field's and the Minnesota Mervyn's stores to The May Department Stores Company. The sale of Marshall Field's was completed on July 31, 2004, while the sale of the Minnesota Mervyn's stores was completed on August 24, 2004.

On July 29, 2004, we entered into an agreement to sell the balance of Mervyn's retail stores and distribution centers to an investment group that included Sun Capital Partners, Inc., Cerberus Capital Management, L.P., Lubert-Adler/Klaff and Partners, L.P. and to sell Mervyn's credit card receivables to GE Consumer Finance, a unit of General Electric Company. This sale transaction was completed as of August 28, 2004.

As a result of these transactions, Mervyn's and Marshall Field's are now classified as discontinued operations and Target Stores represents the primary driver of the corporation's continuing operations. Target Corporation's continuing operations provide the complete scope of this report.

Company History

1900s – 1950s

- Founder George Dayton opens the first store named Goodfellows in downtown Minneapolis, Minnesota.
- In 1946, the Dayton Company begins the tradition that keeps us strong today: 5% of federally taxable profits go back to the communities we serve.
- In 1956, The Dayton Company opens Southdale, the world's first fully-enclosed two-level shopping center.

1960s

- In 1962, the Dayton Company enters discount merchandising with the opening of its first Target stores.
- In 1967, Dayton Corporation goes public with its first offering of common stock.
- In 1969, the company merges with J. L. Hudson Company and adopts the name: Dayton Hudson Corporation (DHC).

1970s

- For the first time, the corporation's revenues top \$1 billion.
- Dayton Hudson Corporation acquires Mervyn's to become the 7th largest U.S. retailer.
- Target Stores becomes the corporation's largest revenue-producer by the end of the decade.

1980s

- Revenues more than double to \$10 billion.
- In 1984, Dayton's and Hudson's combine to form Dayton Hudson Department Store Company, the largest independent U.S. department store.

1990s

- Dayton Hudson acquires Marshall Field's in 1990.
- In 1994, Bob Ulrich becomes Chairman and CEO of the corporation.
- A year later, Target launches the first-ever discount store credit card (Target Guest Card), and opens its first SuperTarget stores.
- In 1997, Target introduces Take Charge of Education.
- In 1998, the company acquires Rivertown Trading and launches its direct mail and e-commerce efforts.
- The same year, Target acquires Associated Merchandising Corporation (AMC), a global sourcing organization.
- By the end of the decade, revenues exceed \$30 billion.

2000 and beyond

- Dayton Hudson Corporation begins a new era with a new name: Target Corporation.
- The next year, Dayton Hudson Department Store Company changes its name and all of its stores names to Marshall Field's.
- Also in 2001, Target rolls out its Target Visa card nationwide.
- In 2002, the company celebrates the 40th anniversary of Target Stores and the 150th anniversary of Marshall Field's, and marks the 35th year of being a publicly-traded company.
- In 2004, Target Corporation sells its Marshall Field's and Mervyn's businesses to focus on its primary brand and growth vehicle: Target Stores.

[Corporate Governance Profile](#)

[Selection of Chairman and CEO](#)

The Chairman of the Board may, but is not required to, also hold the office of the Chief Executive Officer. Presently, the positions of Chairman of the Board, Chairman of the Executive Committee and CEO are combined in one person. The Chairman of the Board acts as the Chairman of the Executive Committee and annually reviews matters of corporate governance relating to the Executive Committee's structure, role and relationship to the Board of Directors and management. The offices of CEO and Chairman of the Board are separately evaluated by the Executive Committee of the Board of Directors each year.

Independent Director as Vice Chairman of Executive Committee

The Vice Chairman of the Executive Committee is an independent director. He or she is annually appointed by the Board together with the appointment of the various committees of the Board of Directors, each of which has a Chairperson assigned to it.

The Vice Chairman of the Executive Committee chairs executive sessions of non-management directors and has responsibility to write the annual performance reviews of the CEO and Chairman of the Board based on the input of the independent members of the Executive Committee. The Vice Chairman also serves as liaison between the Chairman of the Board and the non-management directors and has authority to convene meetings of non-management directors at every Board meeting.

Board Committees

The Board has the following Committees: Audit, Finance, Nominating, Compensation, Corporate Responsibility, Corporate Governance and Executive. The Board has flexibility to form new committees or disband a current committee.

The Nominating Committee, Compensation Committee, Audit Committee, Finance Committee, Corporate Responsibility Committee and the Corporate Governance Committee are each composed exclusively of independent directors. The Executive Committee is composed of all the independent directors plus the Chairman of the Board of the Corporation.

There are formal position descriptions for the Audit, Finance, Nominating, Compensation, Corporate Responsibility, Corporate Governance and Executive Committees. Detailed descriptions, which are available on our target.com website (click on "investor information/corporate governance/board committee position descriptions"), clearly define the respective functions and responsibilities of each committee. A summary is provided below:

- **Audit Committee** – To assist the Board of Directors in monitoring:
 - The accounting, financial and external reporting policies and practices of the corporation,
 - The integrity of the Corporation's financial statements;
 - The independence, qualifications and performance of the Corporation's independent auditor;
 - The performance of the Corporation's internal audit function;
 - The MIS and operational policies and practices that affect internal controls;
 - The employee benefit plans; and
 - The Corporation's compliance with legal and regulatory requirements and its standards of business conduct and ethics.
- **Finance Committee** - To provide the Board of Directors with assurance that the financial policies and financial condition of the Corporation will enable it to achieve its long-range objectives.
- **Nominating Committee** - To assure that the Corporation has sufficient strength on the Board of Directors to assist the Corporation in achieving its short and long-term goals.
- **Compensation Committee** – To approve and recommend to the independent members of the Executive Committee of the board of Directors all short term compensation and compensation plans for the board of Directors, the CEO of the Corporation and the members of the Executive Management Committee of the Corporation and other members of the Corporation's Senior Management Group, and to approve and authorize grants under the Corporation's Long Term Incentive Plans to members of these groups.
- **Corporate Responsibility** - To press the Corporation toward being an exemplary citizen by approving policy and evaluating the performance of the Corporation in its interactions with the environments in which it does business.

- **Corporate Governance Committee** – To develop and recommend to the Board of Directors a set of corporate governance principles applicable to the Corporation, and to monitor and assess the adequacy of their implementation.
- **Executive Committee** – To assure that the Corporation has sufficient organizational strength in management to achieve its short and long term goals, to provide for effective utilization of the Corporation’s executive compensation programs and to provide an opportunity for open dialogue between the Chief Executive Officer and outside directors.

Assignment and Rotation of Committee Members

The Board appoints members of its committees on an annual basis. As described in the Position Description for the Board of Directors, the Nominating Committee is responsible for reviewing and recommending to the Board the composition, organization and responsibilities of the Board’s committees. As part of that process, the Nominating Committee evaluates the eligibility of Board members for membership in the respective Board committees.

The full Board of Directors is ultimately responsible for determining committee eligibility and membership. Committee assignments are rotated periodically at about a five year interval.

Committee Meetings

The Corporation annually prepares a master agenda setting forth each Board committee meeting during the annual cycle and the items to be considered at each such meeting. The Chairperson of each respective committee reviews the agenda for each such committee meeting. Each committee and the full Board of Directors annually approve the frequency of all committee meetings.

Committee Agendas

While the Corporation annually prepares a master agenda setting forth each Board committee meeting during the annual cycle and the items to be considered at each such meeting, the full Board of Directors retains ultimate control over its committees, their meeting schedules and agendas.

Selection of Agenda Items for Board Meetings

The Corporation annually prepares a “Board of Directors Master Agenda.” This Master Agenda sets forth an agenda of items to be considered by the Board of Directors at each of its regular meetings during the year. The Chairman of the Board may adjust the agenda to include special items not contemplated on the annual Master Agenda. The Vice Chairman has an opportunity to review information and agendas sent to the Board to assure that there is sufficient time for discussion of all agenda items.

The Board of Directors annually reviews the Corporation’s long-term strategic plans and principal issues. Periodically during the year the Board receives strategic updates from management of the Corporation.

Each Board member is free to suggest inclusion of items on the agenda and to raise at any Board meeting subjects that are not specifically on the agenda for that meeting.

Board Materials Distributed in Advance

The Board of Directors is fully informed in advance of all major proposals and has an opportunity to make meaningful and deliberate contributions to the decision-making process. To further that policy, information and data that is deemed important to the Board’s understanding of the business is distributed in writing to the Board for review by the Board prior to the Board meeting at which such matters will be considered. Management makes every attempt to see that this material is brief while still providing the desired information. On occasions where the subject matter is too sensitive to be put on paper, certain proposals will be discussed at the meeting.

Regular Attendance of Non-Directors at Board Meetings

In addition to the Corporate Secretary - General Counsel, such executive officers of the Corporation as the Board may request attend each meeting of the Board, excluding its executive sessions.

Executive Sessions of Non-Management Directors

Each Board meeting begins with an executive session of all non-management directors and the CEO. The non-management directors have a scheduled opportunity to meet in executive session without the CEO present at the end of each regular meeting of the Board of Directors. These sessions are chaired by the Vice Chairman of the Executive Committee.

Board Access to Senior Management and Outside Advisors

Board members have complete access to the Corporation's senior management as well as its outside counsel and auditors, and, as necessary or appropriate, its own independent advisors. Each non-management director is expected to become familiar with the condition and operations of the Corporation through Board and Committee meetings and by personal observation and inquiry. In addition, it is the responsibility of the Chairman of the Board to facilitate constructive interaction between the Board and management of the Corporation.

Board Compensation Review

The Compensation Committee of the Board of Directors is responsible for approving and recommending to the Executive Committee of the Board of Directors all compensation plans for the Board of Directors. The Policy on Composition and Function of Board of Directors provides specific details on compensation and compensation options available to members of the Board of Directors and its various committees.

Size of the Board

The Corporation's Articles provide for a Board of Directors with 5 to 21 members. The Board believes that a membership of about 11 directors is appropriate.

Mix of Inside and Outside Directors Independence for Non-Management Directors

A preponderance of the Board should consist of outside directors who meet the independence standards of the New York Stock Exchange. All but one of the current directors on our Board meets these requirements. Our CEO is our only non-independent director and only members of top corporate management who have the potential to be CEO should serve on the Board. No member of Corporation management will serve on an outside director's Board.

Board Definition of What Constitutes Independence for Non-Management Directors

Board members should have broad perspective, experience, knowledge and independence of judgment, and business backgrounds that can bring a different set of experiences and perspectives to the Board. The Audit and Nominating Committees are required to follow the securities laws and the New York Stock Exchange rules for independence of their respective members. The Board believes there is no current relationship between any non-management director and the Corporation that would be construed in any way to compromise any non-management director being designated independent.

Former Chief Executive Officer's Board Membership

No former CEO should serve on the Board for an extended time. Whether a former CEO should serve on the Board for a limited time is a matter to be decided in each individual instance. Any director of the Corporation, including any management Director, whose affiliation or position of principal employment changes substantially after election to the Board is expected to submit a resignation as a Director promptly for consideration by the Board of the effect of that change upon the interests of the Corporation.

A former Chief Executive Officer serving on the Board will not be considered an independent director for purposes of corporate governance.

Board Membership Criteria

The Nominating Committee of the Board of Directors reviews and recommends the composition, organization and responsibilities of the Board of Directors.

The Board's policy sets out the optimal size, balance and rotation of the membership of the Board. These criteria require that a preponderance of the Board should consist of independent directors. Any management representation should be top corporate management and only those who have potential to be CEO. Board members should have broad perspective, experience, knowledge and independence of judgment; the members should represent a predominance of business backgrounds and should bring a different set of experiences and perspectives to the Board. Regional balance is recognized as highly desirable, and a high degree of interest and involvement are prime requisites for membership.

Selection of New Director Candidates

The ultimate responsibility for selection of new director candidates resides in the Board of Directors. The screening process for that responsibility is delegated to the Nominating Committee, which reviews candidates for election as directors and annually recommends a slate of Directors for approval by the Board and election by the shareholders. In addition, the Compensation Committee periodically reviews and recommends the composition, organization and responsibilities of the Board and its committees. In addition, the Chairman of the Board maintains and periodically renews lists of potential directors.

Extending Invitations to New Director Candidates

The Chairman of the Board and the senior personnel manager play important roles in contacting potential Board members under the direction of the Nominating Committee. Candidates for nomination to the Board of Directors are invited to meet with individual directors in an informal setting. Formal invitations to join the Corporation as a Board member are extended by the Chairman of the Board after the candidates have been approved by the Nominating Committee and the full Board.

Assessing the Board's Performance

The Board annually reviews its performance and takes steps (including evaluating its composition, organization, responsibilities and compensation) to improve its performance and the performance of its committees.

The Chairman is required to focus the Executive Committee's attention on corporate governance matters relating to its own structure, role and relationship to the Board of Directors and management and to present to the Board any concerns management has in regard to the role of the Board of Directors or individual members.

Changes in Director's Principal Employment

Any director (including management directors) whose affiliation or position of principal employment changes substantially after election to the Board will be expected to submit a resignation as a director promptly for consideration by the Board of the effect of such change upon the interests of the Corporation.

Retirement from Director's Principal Employment

A non-management director who retires from principal employment may serve up to an additional three years from the date of such retirement, but only to a maximum of 15 years of service on the Board and not beyond the director's 68th birthday.

Term Limits

No non-management director will serve for more than a total of 15 years in that capacity, except that when three or more such directors are due to retire within a 12 month period, the Board may request the director who is under 67 with the least service on the Board to serve up to an additional 12 months to smooth the rotation of Board members.

Retirement Age

All directors must retire upon reaching age 68.

Formal Evaluation of the Chief Executive Officer

The Compensation Committee of the Board of Directors annually reviews the performance of the CEO as it relates to all elements of compensation. The independent members of the Executive Committee annually review the recommendations of the Compensation Committee and, without the CEO present, approve the performance review of the Chief Executive Officer and establish the CEO's compensation. The Vice Chairman of the Executive Committee delivers the annual performance review of the CEO based on input from members of the Executive Committee. The Corporation's proxy statement contains a detailed description of the process used to review the performance of the Corporation's CEO.

Succession Planning

The Board is responsible for assuring that the status of organizational strength and succession planning is equal to the requirements of the long-range goals of the Corporation. The Executive Committee is responsible for assuring that the Corporation has sufficient organizational strength in management to achieve its short- and long-term goals.

The Chairman of the Board is required to annually present to the Executive Committee an evaluation of the pace, direction and organizational strength of the Corporation and to see that the Corporation has an effective corporate top management team, with provision for succession.

Under the Corporation's By-Laws, upon the death, incapacity or temporary absence of the Chief Executive Officer, the Vice Chairman of the Executive Committee shall designate an acting Chief Executive Officer until further act of the Board.

Management Development

The Chairman of the Board is required to present to the Executive Committee an evaluation of the pace, direction and organizational strength of the Corporation; ensure that the Corporation has an effective top corporate management team, with provision for succession; and ensure the development and implementation of personnel training and development plans and programs which will provide the human resources necessary for the achievement of the Corporation's goals.

The Board of Directors is required to annually review whether management succession is properly being provided so that the status of organizational strength and succession planning is equal to the requirements of the long-range goals of the Corporation.

Board Interaction with Institutional Investors, the Press, Guests and Others

The CEO, the CFO and the senior investor relations manager are charged with responsibility to serve as the chief spokespeople for the Corporation, and thereby see that the Corporation is properly represented to its various publics.

Shareholders seeking to communicate with any individual member or group of the Board of Directors may send correspondence to Target Corporation Board of Directors, c/o General Counsel and Corporate Secretary, 1000 Nicollet Mall, TPS-3255, Minneapolis, Minnesota 55403 or may send an e-mail to boardofdirectors@target.com. The General Counsel and Corporate Secretary will forward communications to the appropriate Board member(s).

Orientation and Continuing Education

New directors participate in an orientation program that includes discussions with senior management, background materials on the Corporation's plans, organization and financial statements and visits to the Corporation's facilities.

Business Conduct Guide

Dear Target Corporation Team Members:

Because of you, Target Corporation enjoys a strong reputation in our communities and in our industry not only as an outstanding and innovative retailer, but also as a corporation with values and beliefs that are at the core of our business success. We are committed to ethical and legal business practices and we expect you to share this commitment. You are the foundation of our success. Our continued success depends on each of us doing the right thing. You make many complex decisions and judgments as a representative of our business. Because we hire the best people, we expect you to bring good judgment and a sense of integrity to your business decisions. This Business Conduct Guide is provided to equip you with the tools you need to make sound business decisions that meet the ethical and legal standards by which Target Corporation lives. In addition, our operating companies adopt additional policies and procedures that are a part of how we ethically and legally conduct our business. It is your responsibility to read, understand and comply with this Business Conduct Guide and our policies and procedures. No guide can cover all our policies or all laws. To help you when you are uncertain how to act or wish to report a situation, remember that Target Corporation provides other tools to help you. Your supervisor or Human Resources representative are often the best and fastest way to raise and resolve problems. In addition you can anonymously call the Employee Relations and Integrity Hotline at 1-800-541-6838. Outside the United States, you can call 704-556-7046. Your adherence to the core values in this document will help us become the Best Company Ever for our guests, team members, shareholders and communities.

Sincerely,
Bob Ulrich
Chairman and Chief Executive Officer
Target Corporation

General Business Conduct Policy

Target Corporation is committed to conducting business lawfully and ethically. Every team member is obligated to act at all times with honesty and integrity. We expect you to bring good judgment and a sense of integrity to your business decisions. While it is not possible to list all policies and laws to be observed, or all conflicts of interest or prohibited business practices to be avoided, this Business Conduct Guide serves to detail the corporation's expectations for team member conduct and helps team members make the right decisions. Team members are expected to know the corporation's policies and comply with them. Supervisors have the responsibility to ensure that team members are aware of the company's commitment to conducting business ethically and legally. No supervisor or manager may require or imply that a team member should act illegally.

It is every team member's responsibility to understand these guidelines, to act responsibly and to report unethical or illegal business practices. To report unethical or illegal business practices, several options are available to team members. For a list of these options, see the section titled "Reporting Violations of Law or Company Policy."

Advertising

We are an honest-dealing business. Our guests' trust is one of our greatest assets, and we cannot jeopardize that trust. Our advertising will provide clear and accurate information to help guests make buying decisions. It will also communicate the competitive advantages that distinguish us from other retailers. Our advertising must comply with the laws in the areas of product information, pricing, comparative pricing, product availability, credit terms, warranty statements, and telephone and mail order procedures, among others.

Antitrust

Target Corporation competes vigorously and fairly and complies with all antitrust and related laws. Antitrust laws are intended to protect competition. As retailers, the primary antitrust concerns we face involve communications with our competitors or with our suppliers. Our competitors include anyone in our geographic markets selling the same or similar merchandise as we sell. Our suppliers are companies that currently provide us merchandise or may do so in the future.

Communicating with competitors — Team members may not discuss with our competitors retail prices, markups, markdowns or other terms or conditions of sale, or our relationships with suppliers. For competitive reasons, as well as antitrust reasons, you may not discuss our company's plans with a competitor. In addition, you may not make any agreement, whether directly or indirectly, with a competitor regarding price or other terms or conditions of sale, boycotts or market allocation.

Communicating with suppliers — Regular communication with our suppliers is encouraged and necessary so that we can provide the best products and information to our guests. However, you may not make any agreement, directly or indirectly, with any supplier regarding the retail price of any product. Suppliers may suggest prices for the products they sell, but team members must make the decision on the prices we put on our merchandise. You may ask suppliers what their distribution policies are to help you determine the products you select to sell. When there is a valid business reason, you may request an exclusive product from a supplier, as long as other competitive products are available in the market and the exclusivity agreement is for a reasonable time period. Our buyers may not knowingly induce or accept a discriminatory price for merchandise they buy from suppliers. Generally, it is the supplier's obligation not to sell at a discriminatory price. However, buyers must use common sense and their general business knowledge to avoid knowingly accepting a price that would be illegal for a supplier to offer.

Business Conduct Guidelines

Each team member affected by antitrust laws must understand those laws in order to be able to comply with them and to maximize the company's competitiveness. Violating the antitrust laws is a felony and can result in imprisonment and fines. Damage awards in civil suits are tripled and may include costs and attorneys' fees. The cost in time, reputation and lost business can be staggering.

Bribery

It is illegal to pay or receive a bribe intended to influence business conduct. Our guideline goes beyond the standard set by the law and prohibits any activity that creates the mere appearance of anything improper or anything that may embarrass the company. No assets of the company may be used to bribe or influence any decision by an officer, director, employee or agent of another company or any governmental employee or official. Nothing of value should be given directly or indirectly to foreign government officials, foreign political parties, candidates for foreign political office, or any related person to receive special treatment. It may be acceptable to entertain or provide minor gifts to a guest or supplier, as long as the expenses are nominal, consistent with good business practices and do not appear improper. However, this activity should be limited and you should consult with your supervisor if you have any questions about whether such activity is appropriate. Team members should not accept money or its equivalent from any guest or supplier. For more information on gifts, entertainment and related issues, see the Conflicts of Interest guidelines.

Communications

Each team member is responsible for maintaining the company's image when communicating with others. You can enhance or hurt the company's image with every written, verbal or electronic communication. Slanderous, libelous, obscene or distasteful communications are never appropriate and will not be tolerated. Develop every communication with professionalism and our brand in mind. E-mail communications must also comply with company e-mail policies.

Company Assets

Target Corporation has accounting, reporting and internal control procedures to protect the company's assets. Each operating company conducts its business according to these procedures. Each team member plays a role in using company assets appropriately. Company assets are to be purchased, used and disposed of solely for the benefit of the company.

Each operating company also has an assets protection department to protect the company's assets. Any team member who is aware of theft or misuse of company assets must provide the information to someone in Assets Protection or call the Employee Relations and Integrity Hotline. Information is a vital company asset. Our guidelines require that nonpublic information relating to the company, our guests and suppliers must remain confidential. In particular, non-public information about both past results and anticipated plans should be protected. In addition to not sharing confidential information with people outside of the company, those inside the company should receive only the information they need to perform their duties for the company. Your responsibility to maintain the confidentiality of the company's confidential information continues even after you leave the company. This guideline is directly related to the Securities Laws guideline, which prohibits anyone from trading securities based on material non-public information.

Conflicts of Interest

You must consider whether your activities and associations with other individuals or companies may result in a conflict of interest. Could the activity or association negatively affect your ability to make business decisions in the best interest of the company or result in disclosing non-public company information? If so, you may have a conflict of interest. Here is a sample of potential conflicts of interest:

- Owning a substantial amount of stock in any competing business or in any organization that does business with us.

- Serving as a director, manager, consultant, employee or independent contractor for any organization that does business with us, or is a competitor — except with our company's specific prior knowledge and consent.
- Accepting or receiving gifts of any value or favors, compensation, loans, excessive entertainment or similar activities from any individual or organization that does business or wants to do business with us, or is a competitor.
- Representing the company in any transaction in which you or a related person has a substantial interest.
- Disclosing or using for your benefit confidential or non-public information about Target Corporation or other organizations with which we do business. This includes transactions in Target Corporation stock or our business partners' securities.
- Directly or indirectly competing with the company in buying or selling property, property rights or other interests.

Credit

Target sells merchandise and services on credit to its guests using credit programs provided by third parties or Target National Bank, a subsidiary of Target Corporation. Target National Bank also issues the Target Visa, which is accepted worldwide. All credit-granting and administrative functions must accurately disclose credit terms and meet all requirements relating to fair credit reporting and equal credit opportunity. Target National Bank will comply with all applicable laws, rules and regulations.

Disclosures — Prompt and Accurate

We are committed to full, fair, accurate, timely and understandable disclosure in all our public communications and in the information that we provide to the Securities and Exchange Commission and the New York Stock Exchange. To maintain that commitment, we will comply with all applicable securities laws and regulations, accounting standards, accounting controls and audit practices. These standards will be maintained for both required and voluntary disclosures.

Environmental Laws

Target Corporation is concerned with protecting and preserving the environment. We comply with all federal, state and local environmental protection laws. In addition, we encourage all team members to conserve energy and other resources, to reduce the amount of waste the company produces, and to participate actively in any recycling efforts.

Financial Integrity and Reporting and Related Internal Controls

We must keep books, records and accounts in reasonable detail that accurately and fairly reflect the company's transactions and assets. This requirement will help ensure the accuracy of our financial records and the audits that are the foundation of our financial disclosures. We must also develop and maintain a system of internal accounting controls that provide reasonable assurance that we have attained our bookkeeping and accounting objectives. Team members must make sure that all of our accounting and internal control procedures are followed.

Imports, Customs

All products bought by Target Corporation must comply with all applicable laws, regulations, standards and orders of the United States or any state or local government (e.g., U.S. Customs Service). In addition, all labeling and all customs entry and commercial documents required for entry into the United States must be true and accurate. This policy applies to any vendors working with Target Corporation as well.

Intellectual Property

Target Corporation trademarks and service marks, including logos, must always be used exactly as they are registered or, in the case of non-registered marks, as they are established by our company. This includes spelling the mark as registered, using the proper registration symbols and using correct grammar. If other organizations use any of the company's intellectual property, including, but not limited to, its copyrights, patents, trademarks and/or service marks, without authorization, they will be vigorously prosecuted as determined by Target Brands, Inc. Team members must not violate the intellectual property rights of other organizations. We will comply with reasonable intellectual property usage requirements communicated by third parties that have business relationships with us. The company owns any inventions, discoveries, ideas, concepts, works of authorship and trade secrets that a team member develops during the employment relationship. The team member will help the company document the company's ownership of this type of intellectual property.

Personnel-Related Laws:

Non-Discrimination and Harassment

Target Corporation is committed to providing a work environment that allows team members to be productive and effective in their jobs. In addition, we comply with all applicable federal, state and local laws and regulations affecting employment practices, such as pay rates and meal breaks, overtime, occupational health and safety, equal employment opportunity and sexual harassment, among others. We are committed to providing a work environment that is free from discrimination and harassment. Discrimination is strictly prohibited and will not be tolerated. This applies to all areas of employment, including hiring, training, advancement, compensation, discipline and termination. In addition, each operating company has a policy prohibiting sexual harassment and other unlawful harassment, and team members must comply with that policy.

We are committed to providing a work environment that complies with all wage and hour laws. Target Corporation takes proactive steps to ensure that team members are paid appropriately, classified correctly, and treated fairly. Hourly team members must record all of their work time and take all required meal breaks within the appropriate time required by law. All team members should understand that Target Corporation prohibits any "off the clock" work and strictly forbids conduct by exempt team members that may encourage or condone the inaccurate recording of work time. Exempt team members who are responsible for supervising team members are required to focus most of their time on management-related activities, including directing, training, coaching and managing the performance of team members, and

ensuring execution of job responsibilities. As part of its commitment to leadership, Target Corporation expects these activities to be the primary duty of these exempt team members, with minimal participation in tasks routinely performed by team members. Target Corporation is also committed to providing a safe and healthy environment for team members and guests. Team members must report all safety concerns or accidents to their supervisors, no matter how slight the problem. Violence, or the threat of violence, will not be tolerated. All company locations must comply with Occupational Safety and Health Administration requirements.

Political Activities

Team members may participate and contribute to political organizations or campaigns. In fact, in the interest of healthy communities and a strong political system in our country, team members are encouraged to do so. If you choose to get involved in political activities, you must do it on your personal time with your personal funds and in your own name. These activities cannot be done on the company premises. You may take time off from work to vote in elections if you are unable to vote during non-working hours. The company has the right to express political views through contributions to campaigns or political activities that do not involve the election of candidates. Company contributions to federal election campaigns are prohibited. Certain states permit corporate contributions to candidates for election to state and local offices. Company participation in state political activities occurs only at the direction of the Vice President, Government Affairs.

Target Corporation may form and administer political action committees (PACs) to encourage team member contributions to political campaigns. Team member contributions must be personal and voluntary. Except for these activities stated above, no representative of the company may make any contribution on behalf of the corporation or agree to contribute company money, property or services to any political candidate, party, organization, committee or individual or for any other political purpose. Any questions about when and where political activity is allowed can be directed to the company's General Counsel or Vice President Government Affairs.

Privacy

We understand and value the trust our guests and team members place in us when they share information with us. We have extensive physical, electronic and procedural safeguards in place to keep information about our guests and team members secure. All team members must comply with these safeguards. Target Corporation complies with all applicable laws and regulations regarding the privacy of guest and team member information including all laws regulating the privacy of guest financial information and the privacy of guest and team member medical information. In addition, the privacy policies we communicate to our guests advise them how we collect, use and protect information they provide to us. All team members need to understand and follow any privacy policies that apply to their jobs.

Product Safety

Target Corporation is committed to providing high quality, safe products to our guests. Violating product safety laws may result in monetary penalties, costly administrative attention and litigation, as well as negative publicity. We require our vendors to warrant that all goods sold to the company comply with all applicable laws. We also comply with our own obligations to report and remove from sale unsafe products.

Securities Laws

General Rule — It is illegal and against company policy for you — or any member of your immediate family living in the same household — to buy or sell Target Corporation securities when you have material, non-public information (defined below). In addition, you may not buy or sell securities of any other company, including our vendors and other partners, if you have material non-public information about that company as a result of your association with Target Corporation.

Tippling — Selective disclosure of material inside information about Target Corporation to others who trade in its securities is called tipping, and it is prohibited. Both parties — the one sharing the information and the one receiving the information — are subject to penalties. This applies even if both parties are outside of the company. This policy is related to the more general Conflicts of Interest guideline that requires all team members to maintain the confidentiality of the company's non-public information.

Material information — Information is generally called "material" if it is important enough to influence a reasonable investor's decision to buy, sell or hold securities. Examples of material information include: unreleased sales and/or earnings figures; projections of future earnings or losses; news of a pending or proposed merger or asset purchase; a major new contract or lawsuit; a change in dividend policies; a change in management; news of a significant sale of assets or the disposition of a subsidiary; and the gain or loss of a major supplier. Either positive or negative information may be material.

Non-public/Inside information — Information not widely shared with the financial community or reported to the media is generally called "non-public" or "inside" information. Information, even though it is released, may remain non-public for some period of time, typically a full business day, until it has been digested by the financial markets. There are many factors to consider when determining whether information is material or non-public. When in doubt, you should assume the information is material and non-public. There are no exceptions to this policy, and violation of the policy may result in serious criminal and civil penalties, in addition to disciplinary action by the company. Executive officers and directors of the company must comply with additional requirements when trading in the company's securities. These include avoiding "short swing" trading and filing periodic reports about their trading activities.

Vendor Standards

We want to do business only with suppliers/vendors who conduct business ethically and legally. All suppliers/vendors are expected to comply with the Target Corporation Standards of Vendor Engagement. Failure to comply will expose suppliers/vendors to possible termination of their business relationship with us.

Reporting Violations of Law or Company Policy

To help protect the company and individual team members, it is essential that you promptly and fully report any situation that may violate the law or company policy — whether you are involved in the situation or not.

1. For company policy violations, report the violations to your manager or Human Resources.
2. For violations of the law, you can report the violation in any of the following ways:
 - Contact your supervisor
 - Call the Employee Relations and Integrity Hotline at 1-800-541-6838. Outside the United States, you can call 704-556-7046
 - Contact your compliance officer (the CFO)
 - Write to: Target Corporation, 1000 Nicollet Mall, Minneapolis, MN 55403
Attention: Chief Financial Officer

All reported violations will be investigated and acted on appropriately. When you report a violation, you may choose to remain anonymous. If you choose to identify yourself, your identity will be protected as much as possible, based on the need to prevent potential harm to others, to comply with the law and to conduct a complete investigation. You will not be subject to retaliation for reporting a suspected violation in good faith. You will receive confirmation that your report was received and, in most instances, you will be notified of the action the company took. Reports that raise material concerns about our accounting practices, internal controls or audit matters will be referred to the company's Audit Committee. Any waiver of a provision of the Business Conduct Guide applicable to our executive officers or directors may be made only by the Board of Directors of the company or a committee of the Board designated for that purpose and will be promptly disclosed to our shareholders.

Social Responsibility

Community Giving

Target Corporation has a longstanding tradition of strengthening families and communities through innovative programs and partnerships. Since 1946, we have contributed 5 percent of our annual federally taxable income to support families and communities, and today we remain one of a very few companies that maintains this level of sustained giving. Target Corporation gives back \$2 million each week to the communities where we do business. Our giving is directed both by Target Corporation and by the Target Foundation, each with specific areas of focus and commitment. For updated information on our community giving programs and partnerships, please visit www.target.com/communitygiving.

Target Corporation supports families and communities in four primary areas:

Education - Target is committed to playing an active role in supporting education from a child's birth all the way through college.

Arts - Target is committed to increasing the visibility and accessibility of art and cultural experiences to families through sponsorships of programs, exhibits and performances.

Social Services - Target supports organizations and programs that provide needed social services in our communities. Through a variety of partnerships, we help prevent family violence, provide shelter to the homeless and feed the hungry.

Vital Community Partnerships - Target also strengthens families and communities through a number of additional community partnerships including the United Way, the American Red Cross, St. Jude Children's Research Hospital and Target & Blue, a partnership with law enforcement to create safer communities.

Education

Target is committed to making a positive difference in our communities by enhancing educational efforts for children across the country. The success of Target and its commitment to education is based upon our partnership with communities: enabling parents, educators and community members to maintain high quality education for their children. Target education programs reach children from birth through their college years, from early childhood reading to fundraising efforts and character education initiatives.

Take Charge of Education

The Take Charge of Education School Fundraising program, launched in April 1997, takes the Target tradition of giving to the heart of our communities—our schools. Since the program was launched, Target has donated more than \$138 million to schools nationwide. Cardholders simply designate an eligible K-12 school and Target will donate 1% of their Target Visa® or Target Card® purchases made at Target and Target.com, and 1/2% of Target Visa purchases made anywhere else, to the designated schools. This program is available to any K-12 public, private or parochial school that has a 501(c)(3) or 509(a)(1) tax-exempt status. More than 8 million Target cardholders and 110,000 schools participate in the program. Target distributes the accumulated donations in March and September each year. To learn how much a specific school has received in donations from the Take Charge of Education School Fundraising program, go to target.com/tcoe or call 1-800-316-6142.

Start Something

Target teamed up with the Tiger Woods Foundation to create Start Something, a character development program offered at no charge to kids ages 8-17. Start Something encourages kids to identify their dreams, find necessary tools to reach their goals and achieve success. Today, nearly 3 million kids nationwide are taking part in the program. Start Something is available online and in paperback form to schools, youth groups and individual students. To learn more, visit target.com/startsomething or call 1-800-316-6142.

Ready.Sit.Read!

Ready.Sit.Read is a national reading program that encourages parents to foster a love of reading with their children early in life. Ready.Sit.Read! features a big red chair as its symbol and includes the following sponsorships:

- Reach Out and Read - Reach Out and Read (ROR) is a national nonprofit organization that promotes early literacy by making books a routine part of pediatric care. ROR reinforces the parent's role as the first and most important teacher and gives parents tools. Financial grants are awarded to schools, libraries and nonprofit organizations with programs that promote a love of reading and encourage families to read together. Target focuses on programs that inspire the youngest readers (birth through third grade). Examples are Saturday Superstars Book Club, Readers for Life, After-School Read Aloud, and Families Read Together.
- Book Festivals - To encourage reading as a meaningful family activity, Target sponsors book festivals all across the nation, from Los Angeles to Boston to New York to Washington, D.C. Target enlists children's illustrators and authors to perform book readings, employs costumed characters to engage children, and provides handouts to encourage an interest in reading.
- Letters About Literature - The Center for the Book in the Library of Congress promotes books, reading, libraries and literacy. For 20 years, The Center for the Book has sponsored Letters About Literature, a national essay contest that invites students to write to an author (past or present) explaining how that author's book inspired them by changing the student's way of thinking or even their approach to life. In 2003, Target became the proud exclusive retail sponsor of this inspirational writing and reading promotion. For more information, visit www.loc.gov/letters.
- Celebrity Author Campaign - Target enlists the help of celebrity authors who are committed to education to help deliver our reading message and create excitement around early childhood reading. Examples include Julie Andrews and Maria Shriver. For more information on Ready.Sit.Read! visit target.com/readysitread

Teacher Appreciation

Target recognizes that teachers have the power to change lives. In celebration of National Teacher Appreciation Week in 2004, Target gave guests an opportunity to share a story about a teacher who had favorably impacted their lives. More than 1,300 stories were entered, with four chosen to appear in Target newspaper advertising. The teachers nominated in the winning entries were each honored with a \$1,000 cash award.

Classroom Wishlist

Target offers relief to teachers who often spend their own money on school supplies and instructional materials by creating a special "Classroom Wish List" on our website. Teachers are able to make a "Wish List" of items they need for their classrooms, which parents can purchase. Items are then sent directly to the teacher for whom they were purchased.

SHOPA (School, Home & Office Products Assoc.) Foundation for Educational Excellence

This charitable organization helps support education through resource centers that solicit and distribute free supplies to teachers and schools for use by children most in need. Target supports five Kids-in-Need Resource Centers, serving over 500 schools and nearly 400,000 students.

Educational Conferences

Target supports conferences that further relationships with educators. Our support ranges from financial support to providing presenters and speakers. We have supported various state educational conferences and the following national conferences:

AASA American Association of School Administrators

NSBA National School Board Association

NCEA National Catholic Education Association

NMSA National Middle School Association

NAESP National Association of Elementary School Principals

Grants and Scholarships

In addition to the millions donated to schools each year through the Take Charge of Education School Fundraising program, Target supports education through arts grants, reading grants and scholarships. Grants range from \$1,000 to \$3,000. Applications are available at Target stores and online at target.com.

- Target All-Around Scholarships - The Target All-Around Scholarship program recognizes students whose hard work goes beyond their textbooks. By volunteering in their communities, these students remind us that, even with busy school schedules, there's always time to help others. Target awards over six hundred \$1,000 All-Around Scholarships each year including one \$25,000 scholarship to high school seniors and college students age 24 and younger. Applications are available at Target stores and online at target.com. The scholarship deadline is November 1 each year.
- United Negro College Fund (UNCF) - Target is proud to support the UNCF, the nation's most successful education assistance organization for African-Americans. In 2004 Target is providing assistance through scholarships, raising operating funds for colleges and universities and giving students and faculty better access to technology.
- Hispanic Scholarship Fund - The Hispanic Scholarship Fund, the largest Hispanic scholarship-awarding organization in the country, has awarded scholarships totaling nearly \$60 million to more than 45,000 students. Target is providing financial assistance through scholarships to hundreds of deserving students in 2004.
- Reading Grants - Financial grants are awarded to schools, libraries and nonprofit organizations with programs that promote a love of reading and encourage families to read together. Target focuses on programs that inspire the youngest readers (birth through third grade). Examples are Saturday Superstars Book Club, Readers for Life, After-School Read Aloud, and Families Read Together.
- Arts Grants - Target awards Arts in Education grants to schools and nonprofit arts organizations across the country that help students discover and participate in the arts. Examples are: school touring programs, field trips for students to the theater or symphony, or artist residencies and workshops in schools.


Arts

The Arts bring communities together and help all of us see the world from different perspectives. In addition to the Arts grants in support of education described above, Target's support of the arts also includes sponsorships that make art exhibitions, classes and performances more affordable and accessible for families. Examples include:

Exhibition celebrates Chicano culture

To honor the long, rich history of Chicanos in America, Target is sponsoring a groundbreaking exhibition that recognizes the many facets of Chicano life. Chicano showcases works by more than 26 artists, and incorporates a family-friendly, multimedia display highlighting Chicano artistic, scholastic and cultural achievements and Chicano influences on America. The two-part exhibition will be presented in 15 cities from 2001-2007.



Where every kid discovers the colorful traditions of their parents' parents.  **FREE** — Kennedy Center Multicultural Children's Book Festival
Saturday, November 16, 12-4 p.m.
Visit kennedy-center.org or call 202-457-4000



The Kennedy Center Multicultural Children's Book Festival Presented by Target

See author/illustrator stories come alive through their eyes and voices. Join Target and The Kennedy Center for this FREE festival afternoon in DC. Listen to a reading, shop for books and learn some new dance moves. It's one day Target is committed to bringing the arts to every family—and every kid out there.

Featured Authors and Illustrators
Sonia Martinez-Molina from *Concrete Cowboy*, *Blanca Overland*, *Lulu Del Carmen*
Christina Lugo from *Smith, Smith, Tapatio*, *Elaborate Avenue* and more
Featured Dance Workshops
South African Gqom, Japanese, Hawaiian Hula and Latin

The Kennedy Center

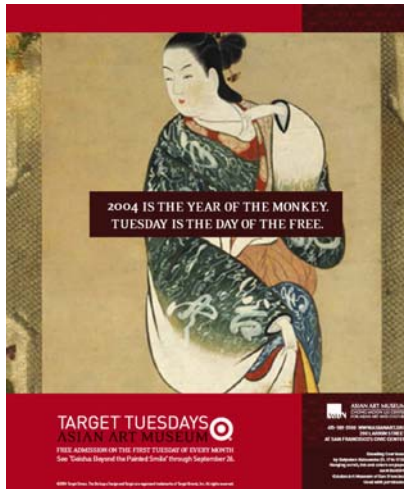
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Kennedy Center's *Millennium Stage*

Target is pleased to sponsor the Kennedy Center's *Millennium Stage*, part of the Performing Arts for Everyone initiative, which showcases artists from across the country featuring jazz, ballet, storytelling, modern dance, opera, choral music, symphonic music, puppetry and more. The *Millennium Stage* presents free performances at 6 p.m. every day of the year in the Kennedy Center's Grand Foyer. To date, these free performances have brought more than one million individuals to the Kennedy Center.

Asian Art Museum - Target Tuesdays Chong-Moon Lee Center for Asian Art and Culture

The Asian Art Museum of San Francisco is one of the largest museums in the Western world devoted exclusively to Asian art. Target is making more than 15,000 art treasures accessible to communities through Target Tuesdays where admission to the museum is free on the first Tuesday of every month.



Sometimes a little family drama is a good thing.  **FREE** — Target Time Family Series
Beginning September 2004, Target is sponsoring the Target Time Family Series of performances at the Dallas Children's Theater (DCT). The Dallas Children's Theater is presenting a 12-month series of family matinee performances based on children's books and fairytales for children of all ages.



Target Time Family Series Dallas Children's Theater

						
To Kill a Mockingbird	Rumpelstiltskin	The Velveteen Rabbit	The Velveteen Rabbit	The Great Christmas Pageant Ever	The Great Christmas Pageant Ever	
SEPTEMBER 14	OCTOBER 12	NOVEMBER 10	DECEMBER 8	JANUARY 5	FEBRUARY 2	
12:00 PM	12:00 PM	12:00 PM	12:00 PM	12:00 PM	12:00 PM	

Social Services

Target supports organizations and programs that provide needed social services in our communities. Through a number of partnerships, we help prevent family violence, provide shelter to the homeless and feed the hungry in our communities.

Family Violence Prevention Grants - Target supports local programs that help prevent family violence and treat those affected in our communities. Examples of programs Target has supported include parenting classes, family counseling, support groups and abuse shelters.




National Domestic Violence Hotline - Target supports the National Domestic Violence Hotline to further the goal of preventing family violence. The hotline is the only one of its kind in providing the source of hope for battered women and children across America and receives over 13,000 calls each month. Target received a national award from the National Domestic Violence Hotline for its support.

Prevent Child Abuse America - Since 1999, Target has supported Prevent Child Abuse America nationally and through its state chapters. Prevent Child Abuse America builds awareness, provides education and leadership to promote and implement child abuse prevention efforts that strengthen families and engage communities nationwide.

Law Enforcement Partnerships


 	<p>Target’s commitment to community extends from the social service partnerships above to partnerships with law enforcement to enhance their efforts to create safer communities. Through an initiative called Target & Blue, Target shares technology, expertise and resources in support of programs including:</p> <ul style="list-style-type: none"> • Safe City – A community partnership including government, business and police using state of the art technology and communication tools to reduce crime and improve safety. • Forensic Lab – A lab, funded by Target, focusing on video and computer forensics related to ongoing cases, with approximately one half of the evidence examined directly supporting law enforcement cases. • Twin Cities Security Partnership – A first-of-its-kind information exchange between federal, state, county and local law enforcement executives and their security counterparts from Fortune 500 companies in an effort to better secure the Minneapolis/St. Paul community. • Law Enforcement Grants – A program benefiting more than 250 agencies each year through which Target awards grants to fund equipment, training and programs that enhance community safeness.
	<p>Target also contributes to law enforcement associations which promote safeness in our communities and abroad. These sponsorships include:</p> <ul style="list-style-type: none"> • International Association of Chiefs of Police (IACP) – An organization representing senior law enforcement executives from around the world, providing education and support to our community protectors. • Police Executive Research Forum (PERF) – A law enforcement think tank representing the nation’s progressive police agencies in an effort to support innovative policing strategies to create safer communities. • Customs-Trade Partnerships Against Terrorism (C-TPAT) – A joint U.S. government-business initiative to strengthen supply chain and border security, of which Target is a charter member.

Vital Community Partnerships

	<p>Target has supported the United Way since opening its first store in 1962. In 2003, Target Corporation and individual team members invested in their communities by donating more than \$12 million to local United Ways across the country.</p>
	<p>The American Red Cross reaches out to help whenever disaster strikes, whether it's an earthquake that affects thousands or a single-family house fire. Target donates directly to the Red Cross in response to immediate needs in communities across the country.</p>
	<p>The Elizabeth Glaser Pediatric AIDS Foundation creates a future of hope for children and families worldwide by eradicating pediatric AIDS, providing care and treatment for people with HIV/AIDS and accelerating the discovery of new treatment for other serious and life-threatening illnesses. Target supports the foundation's annual fundraiser, which raised over \$1.5 million in 2003.</p>
	<p>St. Jude Children's Research Hospital, located in Memphis, TN, is one of the world's premier centers for research and treatment of catastrophic diseases in children. Target's support of St. Jude includes Target House, a home away from home for patients and their families who require at least 90 days of treatment at St. Jude. Target has raised more than \$27 million for St. Jude and Target House.</p>
	<p>Target House, funded by Target Stores and vendor and celebrity partner contributions, is an innovative approach to long-term housing for families whose children are receiving life-saving treatment at St. Jude Children's Research Hospital. This unique facility enhances the quality of life for its residents who benefit from the privacy of family apartments, as well as common areas that foster interactions with other Target House families.</p> <p>Target House opened in 1999 with 50 two-bedroom apartment suites and several common areas. In November 2002, Target House opened a major expansion, enabling St. Jude to meet 100 percent of its housing needs for patients requiring treatment of 90 days or more. The expansion made space for today's total of 96 apartment suites. Each apartment suite includes a kitchen, living room, bathroom and two bedrooms, all stocked with everything a family needs.</p>
	<p>There are several common areas with a warm, friendly, home-like atmosphere where families can come together to talk, share and work together through each triumph or setback:</p> <ul style="list-style-type: none"> • Tiger Woods sponsored the library through his Tiger Woods Foundation • Amy Grant furnished a music room • Ekaterina Gordeeva dedicated a tranquil garden patio to the memory of her late husband and skating partner, Sergei Grinkov • The Tiger Woods Pavilion provides a focal point for special events • A fitness center is sponsored by Olympic medalist Scott Hamilton • The Scott Hamilton Arts & Crafts Room offers a creative outlet • The Neighborhood is a courtyard, fashioned after a town square • A professional day spa and meditation room strengthen the body and soul • A family gathering room, an activity room and a living room also help provide a respite to families. <p>Target House is just one more example of our ongoing effort to help make the world a better place for children and families.</p>

[Volunteerism](#)

At Target, being involved in the community means much more than giving back over \$2 million a week to local and national nonprofit organizations.



For Target team members, being involved means lending a helping hand with everything from cleaning up playgrounds and waterways, to mentoring students at a local school, rocking babies at a crisis nursery or delivering meals to homebound seniors.

More than 70,000 Target Corporation team members, retirees, family and friends got involved in their communities last year by giving more than 300,000 volunteer hours to local nonprofits that focus on education, children's health and welfare, neighborhood improvement and disaster relief.

Target teams come together to participate in local projects and in national Target volunteer events like Operation United Way, which links stores with United Way funded agencies for a day of service. Volunteers worked in partnership with the national Read Across America event by reading to children in stores and at neighborhood schools. Teams hosted "reading kiosks" in our stores, then went out and volunteered in local schools throughout the month.

While we support and offer volunteer opportunities to our team members, they do not get paid time off to volunteer.

[Target Corporation Supports Veterans](#)

Since 2002, Target has been the victim of a misleading e-mail campaign that grossly misrepresents our support of veterans and our soldiers. Unfortunately, due to the nature of the Internet and e-mail communication, the original e-mail has been repeatedly and inaccurately modified and perpetuated by unknown writers. The National Veterans of Foreign Wars posted a press release on their Web site on December 6, 2002 to help clarify this issue and show their support of Target at www.vfw.org/news/target.htm

Target Corporation is a publicly-held American company (NYSE: TGT), which has been based in Minneapolis, Minnesota ever since its founding as The Dayton Company by businessman George Dayton in 1902. Target is not now, and has never been, foreign-owned.

Our company has supported many charitable causes throughout our history, including veterans' organizations. For years, Target has donated funds and volunteer hours to local and national veteran and military organizations around the country. Examples on a national level include:

- The development and construction of the World War II Memorial in Washington, D.C.
- Continuing support of "The Wall that Heals" National Tour, a Vietnam Veterans Memorial Fund outreach initiative that honors our veterans and has a strong educational component for schools.
- American Red Cross Armed Forces Emergency Services
- The distribution of care packages to our troops stationed overseas
- A co-sponsor of an event at Camp Pendleton that honored the thousands of military staff deployed to the Middle East.

In addition to supporting veteran and military organizations on a national scale, we also support local organizations such as:

- Yankee Air Force Museum in Ypsilanti, Michigan
- Hays County Veterans in San Marcos, Texas
- Kenny Nickelson Memorial Foundation for Homeless Veterans in Manhattan Beach, California

Reservist Benefits - Target Corporation is proud to count many veterans and military reservists among its more than 300,000 team members nationwide. To help support these team members, Target Corporation provides benefits for activated reservists, including pay differential, that surpass the benefits required by law. The Reserve Officers Association has recognized our company for these benefits, and the National Committee for Employer Support of the Guard and Reserve also lists Target on their Web site at <http://www.esgr.org/employers/outstandingEmployers.asp>. Target team members who are activated for military service and were participating in optional dependent coverage at the time of their deployment are eligible to continue these benefits if they choose. Target Corporation also allows any Target team member to continue benefits as provided by the 1986 Consolidated Omnibus Budget Reconciliation Act (COBRA).

Target Corporation wholeheartedly supports U.S. veterans, reservists and active duty personnel and their families. We are proud of our record and remain committed to continuing support of veterans' organizations as part of our overall charitable giving program.

[Commitment to Our Team Members](#)

Target Corporation employs approximately 300,000 people, the majority of whom are in the continental United States. Our annual net square footage growth of 8 to 10 percent translates into approximately 100 new stores each year and results in a net annual increase in employment of 10% or more.

Target Corporation is a performance-based company with equal opportunities for all who perform. Our ability to recruit and hire people from diverse backgrounds to create a team with a rich variety of strengths, perspectives and lifestyles is a key factor in our performance as a company. Our ability to "know our guest" is greatly enhanced by employing team members who reflect the diversity of the communities that we serve. We are committed to diversity because it is the right thing to do and because it gives us a competitive advantage.

[Focus on Diversity and Equal Opportunity](#)

Our long-standing commitment to equal opportunity has increased the diversity of our work force as reflected in our Equal Employment Opportunity (EEO) Report for 2004 (the most relevant portions of which follow).

Target Corporation percentage of all employees in the following job categories:

	<u>Female</u>	<u>Minority</u>
Officials and managers:	44%	22%
Professionals:	56%	17%
Sales workers:	64%	41%
All employees:	59%	38%

Gender and ethnic diversity is reflected at the highest levels of the corporation, including Target's Board of Directors. Additional information about the composition of our Board is available in our proxy statement.

Discrimination based upon race, color, religion, sex, age, national origin, disability, sexual orientation or other characteristics protected by law is not tolerated in our work place. In addition to prohibiting such discrimination, we attempt to create an environment that recognizes the value of diversity and enhances the opportunity for success of all team members

regardless of their differences. Additionally, the company maintains a toll-free confidential hotline that is available to all team members to report any workplace concerns. Management is required to report annually to the company's Board of Directors on its progress in achieving greater diversity of our workforce.

Target Corporation is a participant in Project Equality, a national program committed to the achievement of diversity and equal opportunity. As a participant, we provide equal employment information and have made a commitment to maintain employment policies and practices that affirmatively promote equal employment opportunities for people of color, women and persons with disabilities.

The following are examples of initiatives within Target that are intended to promote diversity throughout our organization:

- Minority Recruitment - Employees of diverse backgrounds are sought by attending minority job fairs (National Black MBA Association, National Society of Hispanic MBA, Consortium for Graduate Study in Management, CareerFair.com minority career fairs, NAACP career fairs, Urban Job Expo), placing ads in minority media, posting jobs and looking for candidates on minority-focused web sites (DiversityInc and HireDiversity), posting positions at schools and other public places with high minority populations, attending national meetings of minority organizations, and publishing and distributing recruitment literature emphasizing our commitment to diversity.
- Target Corporation also hires interns from INROADS at both the corporate and store level, and is a charter sponsor for the INROADS Retail Management Institute, aimed at attracting more students of color to retail careers. In addition, Target Corporation has the Executive In-Training Program, where a priority is placed on sourcing and staffing positions with diversity candidates.
- Target is a national leader in providing job opportunities for people with disabilities. Target participates in community-based training by seeking out agencies, school programs and government incentive programs in an effort to hire people with disabilities.
- Diversity Training - Target provides training programs to all its employees and leadership development to all supervisory level team members--and diversity training is an integral part of that development. We provide training that is intended to enhance awareness of diversity in the work place and to build skills necessary to promote that diversity and the benefits it offers. All new Target team members receive training on our Corporate Diversity Mission during their orientation, and all new store/distribution center/headquarters salaried leaders receive "Managing Inclusion" training. At the stores, all hourly leaders receive training called "Appreciating Differences". At Headquarters, the "Appreciating Differences" training is accessible to all team members. Examples of other diversity training initiatives include:
 - Classes that use various personality preference instruments to address style differences,
 - Monthly store huddles on diversity topics to enhance understanding and support of the importance of diversity, and
 - Other initiatives aimed at developing and retaining our leadership team.
- Diversity Team – Target has formed an internal Diversity Team that is solely dedicated to leveraging diversity throughout the organization. The team focuses on recruitment and retention, awareness and communication, and measurement, and works with business partners throughout the company to provide diversity guidance and drive change.
- Diversity Steering Committee - Target has a cross-functional committee, comprised of leaders representing all areas of the company, that help provide direction, feedback and guidance on the corporation's diversity efforts, particularly as it relates to the five focus areas:
 - Minority & Women Business Development

- Multicultural Marketing & Merchandising
 - Recruitment and Retention
 - Awareness and Communication
 - Measurement
- Diversity Business Councils - Target sponsors a variety of Diversity Business Councils that provide a forum for individuals to grow and develop and all have specific goals around recruitment and retention, mentoring, training and coaching. Currently, Target has four diversity business councils that are open to all team members:

African American Business Council
 Asian American Business Council
 GLBT Business Council
 Hispanic Business Council

- Advertising/Marketing - Target Corporation's principal operating strategy is to provide exceptional value to our guests through upscale discount stores and on-line shopping. Our advertising messages strive to create an emotional connection with various market segments by offering them real and relevant content across multiple platforms.

The significant shift in the country's ethnic composition has redefined the concept of the typical American family. Subsequently, Marketing focuses on evolving its brand relevancy among these key guest segments by crafting advertising messages that deliver its value proposition in unique ways.

For example, Target celebrated Black History month in 2005 by showcasing the significant achievements of Black designers in the USA. The event was supported by magazine and newspaper advertising and Community Relations initiatives. Target also supported Black Music month through major advertising campaigns and through the sale of Innovations in Music, an exclusive CD compilation of African American song writers. In addition, the Fashion/ Beauty initiatives for African Americans later in the year will be supported with extensive advertising print campaigns.

Similarly, the release of "El Reventón del Reggaetón," a Target Exclusive Special CD/DVD package featuring 19 hit songs and videos and the Hispanic Heritage month campaigns generate interest and loyalty among our Hispanic guests.

- Vendor Relationships - Target has developed a mentoring program for minority general contractors. In addition, Target founded its Minority and Women Business Development (MWBD) program in 1998. This program helps Target become a meaningful business partner to minority-owned and women-owned enterprises. Although the program initially focused on particular non-retail projects (such as property development), it was expanded in 2003 to include all non-retail projects. Target also has developed processes and online tools to provide prospective suppliers access to the MWBD program information and to facilitate electronic application and qualification processes. This will support enhanced business relationships between Target and minority/women business enterprises. Target is a member of the Women's Business Enterprise National Council (WBENC), the National Minority Supplier Development Council (NMSDC), and the Minnesota Minority Supplier Development Council (MMSDC), and **MEDA (Metropolitan Economic Development Association)**. Target attends several conferences and events each year to support increased business with minority/women business enterprises.
- Locations and Local Hiring - Target has more than 1,300 retail locations, many of which are in minority communities. Target values the communities in which we do business and recognizes that our team members represent the spirit and diversity of our guests. To that end, we hire locally for every store. We use in-store employment kiosks to attract and encourage our guests to become prospective team members, aiming for a composition of team members that directly represents the community in which each Target store is located.

Minority and non-minority team members alike attend community events to strengthen connections among our stores, team members and communities.

- Involvement and Partnerships - Target Corporation has partnerships with many diversity-focused organizations, including:
 - INROADS,
 - the Consortium For Graduate Study in Management (CGSM),
 - Monster Diversity Leadership Program (Monster DLP),
 - National Association of Asian American Professionals (NAAAP),
 - the National Black MBA Association Conference (NBMBA),
 - the National Society of Hispanic MBAs (NSHMBA),
 - Hispanic Alliance for Career Enhancement (HACE),
 - the National Minority Supplier Development Council (NMSDC),
 - the Women's Business Enterprise National Council (WBENC),
 - the NAACP,
 - the Urban League,
 - the United Negro College Fund (UNCF), and
 - the Hispanic College Fund (HCF).

Diversity has been one of the strengths of our company and will continue to be an important part of our business strategy as we expand into new and different markets. We are committed to promoting and reinforcing diversity throughout our company as we position our business for continued success in the 21st century.

Training and Development

- Training and Education
 - In our Stores, every new team member has a detailed plan of all technical training and leadership training, when applicable, for their first 90 days in position.
 - In 2003, we released over 50 training items available in Spanish. All training materials for Human Resources, Safety and key operational tasks are published simultaneously in both English and Spanish. Spanish speaking team members have the same quality training information as English speaking team members.
 - In 2003, we introduced a program that focuses on the training and development tools and experiences needed to be an effective leader.
 - Team members throughout Target's organization participate in business ethics training, "Acting with Integrity". The training educates team members on their roles within our ethics culture and includes position-specific scenarios for illustration and emphasis.
- Leadership and Development
 - At both Headquarters and the Stores/DCs, team members have access to a wide curriculum of courses in which to choose (over 50 topics). We also have nomination based leadership development programs including week-long assessment centers, year long development series and shorter development programs for high potential leaders at various levels in the organization. Additionally, we facilitate team building sessions for teams, as well as offer executive coaching at mid and upper management levels in the organization.

Health and Safety in the Workplace

Target Corporation facilities administer a comprehensive and continuous occupational Injury and Illness Prevention Program (IIPP) for all team members. The health and safety of the individual, whether in the Distribution Center, Stores or Headquarters takes precedent over all other concerns. Management's goal is to prevent accidents and to reduce personal injury and

occupational illness and comply with all safety and health standards. A copy of our Injury and Illness Prevention Information is attached in Appendix B.

Benefits and Compensation

Target pays competitive wages to its team members and we pride ourselves on having a Total Compensation package that is competitive with the market. We set our pay ranges at, or slightly above, the average paid by the external market for jobs with similar skills and responsibilities. Changes to our pay ranges are influenced by company performance and general economic conditions from year to year.

We believe in pay for performance. A team member's actual pay depends on his/her performance ratings, experience and promotional increases. Annual performance evaluations measure a team member's performance in relation to pre-set goals. Team members and their supervisors determine annual goals based on position responsibility and objectives. In addition, the Corporation has a long-term incentive plan designed to advance the long-term growth and financial results of the company. The Plan offers incentives to directors and certain team members whose performance contributes to the achievement of specific goals that create shareholder value over time. The Plan is also intended to facilitate recruitment and retention for outstanding candidates.

The Company provides many benefits to its team members including:

- The Company offers a 401(k) program for all eligible team members in which it matches up to 5 percent of a team member's contribution on a dollar-for-dollar basis with Target shares.
- In addition to the savings this opportunity provides, the company offers advancement and opportunity for upward mobility to all team members based on individual performance – providing wealth creation potential for all team members.
- Target offers an account-based pension plan where a percentage of team members' eligible pay, plus interest, is deposited into a pension plan account. Target pays the full cost of the plan; team members pay nothing.
- The Company offers tuition reimbursement to help team members pay for job-related courses at accredited schools, colleges or universities. In addition, Target has partnered with Wells Fargo to offer education loans to team members of up to \$20,000 per year.
- Target offers a generous vacation and holiday package that commences at date of hire. Annual vacation accrual increases with years of service. In addition to vacation, Target recognizes and pays for six National Holidays annually.
- Target also offers home loans to team members through three sources: Wells Fargo, Guaranty Residential Lending, Inc and Cendant. In addition, the Company has a partnership with Home Buyer's Assistance (powered by Fannie Mae) to help home buyers learn more about purchasing a home, review various loan options and use a streamlined process to apply for a mortgage.

Union Philosophy

Target believes in solving issues and concerns by working together with the help and input of all team members. Target wants to continue to create the kind of workplace where team members don't want or need union representation to resolve issues. We don't believe that a union or any third party representative would improve anything for our team members, guests or the company. There are a lot of great things that go along with being a Target team member and you it's not necessary to go to an outside party to get them.

Policies Regarding the Sale of Certain Products at Target

Target places great importance on providing merchandise that will appeal to a wide variety of guests, particularly parents and families. We want parents to be comfortable with the purchasing decisions that they and their families make at Target.

Mature-Rated Video Games

All video games and computer software sold at Target stores carry ratings by the Entertainment Software Rating Board (ESRB) – from early childhood through mature audiences – and we have implemented the following measures to help ensure compliance with the ESRB rating system:

- Since 2000, Target has voluntarily restricted the sale of M-rated video games and computer software through the carding of minors, and restricts those sales to persons 17 years of age and older.
- A point-of-sale message prompts our cashiers to verify a guest's age whenever an M-rated game is scanned.
- All cashiers receive educational training on the identification process for M-Rated video games and other age-restricted items.
- Target does not carry "adults only" merchandise.

Our goal is to have all of our guests know and understand the video game ratings so they can make informed purchasing decisions. To that end, Target has a comprehensive education program to inform our guests about the rating and labeling systems for video games. This program includes:

- Information signage within the video game sales area that clearly describes the ESRB rating system.
- A brochure in the entertainment area that explains the ESRB rating system.
- Public service videos featuring celebrities that explain the ESRB rating system. This video is shown on a periodic basis on the televisions in the entertainment area of the store immediately adjacent to the video game display.
- Messages in our weekly circulars on encouraging guests to "know their ratings."
- M-rated video games advertised in the Target circular are designated with an oversized rating sticker and a bar on the left side of their icon that says "Rated M for Mature."
- Target does not place advertisements for M-rated games in publications specifically targeted to teens or younger audiences.
- Target team members are trained to talk with parents about video game/software content, playing habits and age-appropriate titles.
- Target.com provides a detailed description of the ESRB ratings on the video game homepage.

Guns / Toy Guns

- Target does not sell real guns, or toy guns that can be mistaken for real guns.
- In the early 1990s, we made the decision to stop selling "realistic" toy guns. We limited the sales of toy guns to those that are brightly colored and oddly shaped and, therefore, will not be mistaken for an actual weapon. We firmly believe that any toy gun that has the potential to be mistaken for a real gun is inappropriate for sale at Target.

Tobacco and Cigarettes

Target discontinued the sale of cigarettes in our stores in 1996. We do not currently sell any tobacco products.

Pseudo Ephedrine

- In 2005, Target became the first national retailer to voluntarily decide to place all cough, cold and allergy products containing pseudo ephedrine behind the pharmacy counter. In stores where we do not have a pharmacy, products containing pseudo ephedrine will not be sold.
- Pseudo ephedrine is a common decongestant found in many over-the-counter cold and allergy remedies. It is also the key ingredient necessary in the illegal manufacture of methamphetamine.
- While this move will cost us sales, we believe this is the right thing to do to help curb the growing production and distribution of methamphetamine.
- Target's current policy restricts guests to only two packages per transaction (except where more restrictive limits are required by law).

- Where it's required by law, guests will need to sign a log at the time of purchase. We are in the process of developing an electronic log system which we expect to implement before the end of fiscal 2005.
- We realize that this is an added step for our guests, but in the end, we think our guests will respect our decision and share our belief that the greater good far outweighs any inconvenience.
- We have adopted a national chain-wide policy so that our guests have a consistent experience in each Target store.

Global Compliance: Business ethics practices for vendors & trading partners

Target is proud of our performance record and of the high ethical standards we maintain in conducting our business within the United States and in countries throughout the world. We are firmly committed to offering our guests products that are made legally and ethically – in full compliance with U. S. law, local laws in the country of origin, and our Standards of Vendor Engagement (Appendix C) that define Target's policies and business approach.

To underscore our philosophy, Target, along with 250 other retailers, is a signatory of the National Retail Federation's "Statement of Principles on Supplier Legal Compliance" and we have incorporated the core principles of this Statement into our own standards and practices. Specifically, we seek to do business with vendors, including suppliers and manufacturers, who share our commitment to high ethical standards. We require our vendors to:

- provide employees with a safe and healthy workplace,
- adopt nondiscrimination principles and limit work hours,
- pay fair wages,
- renounce forced or other compulsory labor and abstain from its use, and
- refrain completely from use of child labor. We define child labor as being below the minimum legal working age according to local law, or under the age of 14, whichever is greater. We do make an exception for legitimate apprentice programs.

Importantly, we are willing to exercise our ability to take corrective action – up to and including termination -- for vendors that violate U. S. law, local (country of origin) laws, or our Standards of Vendor Engagement. Target is opposed to any form of slave, child or prison labor, whether domestic or international, and we take the protection of human rights very seriously. We expect our vendors to share and apply these same ethical standards.

To reinforce our commitment to our Standards of Vendor Engagement and the principles these Standards represent, Target has also implemented a program for vendor education and established an organization to ensure compliance.

Target Compliance Organization

Target's Global Compliance department was created to ensure that our Standards of Vendor Engagement are uniformly and universally enforced with vendors that produce hardlines items (e.g. furniture, housewares) as well as vendors that manufacture softlines (e.g. apparel). The Global Compliance team also works with other departments within Target -- such as Target Sourcing Services/AMC, and Quality Assurance -- to increase awareness among our vendors and their factories of Target's global compliance program.

The department's mission is to ensure that vendors producing owned brand products for Target, including owned brand merchandise and exclusive licenses, comply with:

1. Target's Standards of Vendor Engagement
2. Target's Business Requirements (Vendor Conduct Guide)
3. U.S. Customs Regulations
4. Labor Laws of the Country of Origin

The primary tools we use include:

1. Standards of Vendor Engagement (available in 19 languages)
2. Global Compliance Registration
3. Compliance Audits – full and short audits

The Global Compliance Registration educates vendors and their factories about Target business requirements. Among other things, Global Compliance Registration requires that all owned brand vendors:

- Complete an on-line registration as a vendor and agree with our terms and conditions regarding compliance and use of our trademarks,
- Register all factories used in the production of owned brand merchandise, including subcontractors involved in the manufacturing process,
- Authorize unannounced audits by Target personnel and/or third party auditors hired by Target,
- Maintain accurate up-to-date information on their factories and/or changes in factory circumstances, such as factory address and production capabilities. Failure to notify Target of a change in production facility carries a financial penalty.

The Compliance Audits are intended to serve two primary purposes:

- Ensure that vendors and their factories can meet Target's business requirements (including Standards of Vendor Engagement, US Customs laws and regulations and local labor laws),
- Verify Global Compliance Registration information.

Each of the questions on the audit form relates directly to one or more of Target's Standards of Vendor Engagement.

All full compliance audits are:

1. 100% Unannounced
2. Random
3. Mandatory (denied audits carry penalties ranging from payment of audit expenses to termination of vendor relationship)

Full compliance audits include 6 different modules:

1. Plant Tour
2. Employee Interviews (conducted privately and in the employees' language)
3. Management Interviews
4. Records and Wage Review
5. Country of Origin Review
6. Recap of issues with remediation plan

Wage calculations are done in all factories to verify that the workers are being paid according to local labor law as well as for all of the time worked. This information is verified through employee interviews, management interviews and the payroll review.

Compliance audits may be conducted by Target auditors and/or auditors from one of the third party companies that we use. These third party auditors are accredited and trained by Target to conduct unannounced compliance audits. Our Global Compliance team is made up of nearly forty members, approximately half of whom are full-time foreign-based Target auditors and staff. Our internal audit staff conducts random visits to vendor and subcontractor manufacturing facilities. Thousands of audits have been performed by, or on behalf of, Target since our compliance program began in 1998.

By its nature, the Global Compliance registration process is fluid, as vendors register and un-register factories. As a result, the number and locations of factories that are registered to manufacture merchandise for Target change frequently. At any given point in time, registered factories are located in North America; South and Central America; Europe, including Russia; the Middle East; Sub-Saharan Africa; and Asia.

The full audit form is revised on an annual basis with input from the overseas audit and Minneapolis based Global compliance teams, legal, sourcing, our third party monitoring

partners, as well benchmarking with other audit programs. Questions are added or deleted based on information we want to monitor. Compliance violations are addressed with outcomes ranging from administrative probation to termination of the relationship.

Additionally, short audits are completed by Target team members from Quality Assurance, Target Sourcing or other areas that may visit a factory. The purpose of a short audit is to create a record of the factory visit, identify factories that may not be registered in Target's Global Compliance program, uncover issues that may be relevant in conducting a future full audit, and work with vendors on resolving compliance concerns.

To provide additional information to the vendors and their factories about our expectations, Target has developed a Vendor Guidebook that is accessible on-line and is available in five languages. The Guidebook is intended to be used by factories as a reference tool to achieve, and sustain, their compliance with our requirements. The best practice is for a vendor to implement their own compliance program.

Vendor Contracts

In our Conditions of Contract, we require our vendors to warrant that all goods are made in compliance with applicable laws – including the Fair Labor Standards Act of 1938, a law that governs how employers pay and treat their employees. Our Conditions of Contract also requires that the companies our vendors do business with will be in compliance with the law. In non-U.S. markets we establish similar basic minimum requirements. If a vendor violates our agreement, the penalties range from the loss of the contract or order to the loss of all future business with Target.

Vendor Education

We believe that careful vendor selection and education are among the most effective ways for Target to ensure that our standards are met and that our vendor relationships are successful. Education programs are offered to all vendors with whom we conduct business and all vendors must understand and expressly agree to meet our Terms of Engagement. For non-U.S. vendors, Target conducts vendor education classes called "Introduction to Vendor Partnerships for Imports", which includes a review of the company's Standards of Engagement, and verification requirements.

Vendor Selection and Quality Assurance

Target has implemented a formal system to select and register both U.S. and international vendors with whom we do business. This program includes written verification that owned brand vendor factories meet baseline requirements of working conditions, FLSA, U.S. Customs Regulations, or other local applicable laws. Additionally, for each Target owned-brand order produced, a short audit of the factory is completed. This audit includes an inspection of Target quality requirements, and more importantly, verification that the factory meets all required labor standards and conditions.

Currently, to sell any owned brand goods to Target, a vendor must meet the requirements of Target's Global compliance program, which includes completion of training, qualification by sourcing experts and compliance with other rigorous requirements – including labor law. The first step of this vendor approval process requires that our owned brand vendors acknowledge that they understand their responsibility for compliance with Department of Labor requirements. In addition, Target requires its vendors to assess their contractors' factories through plant evaluation, including working conditions and labor issues. As a result of these quality assurance efforts, Target has greatly reduced the number of owned-brand vendors we use, ensuring that we are working with only the highest quality providers.

Global Sourcing

Target sources merchandise from numerous countries throughout the world. This activity is coordinated by Target Sourcing Services/Associated Merchandising Corp (TSS/AMC), a

subsidiary of Target Corporation. Most of our owned brand products --- hardlines and softlines – are sourced through TSS/AMC, which is a leading global sourcing organization with offices in more than 40 countries worldwide. TSS/AMC employs more than 2,200 team members and has supplied Target with high-quality merchandise for more than 50 years. About a quarter of the merchandise we offer for sale in our stores is directly imported and we expect this percentage to increase modestly over time as we continue to convert a larger portion of our indirect imports to direct imports in future years.

TSS/AMC and other buying agents are held to and require the same standards as Target when doing business around the world. TSS/AMC agents that evaluate factories for quality are expanding their review to include compliance and transshipment issues. Vendors and their factories that engage in business with TSS/AMC must comply with Target’s high standards.

Since 1992, Target has required its non-U.S. direct vendors to state that the goods produced are not made by child or forced labor. This legal verification is required as a condition of receipt and payment of merchandise through legal letter of credit stipulations.

Environmental Responsibility

Decades ago, Target was one of the first large retailers to commit to a philosophy and practice of “Reduce, Re-Use, and Recycle”. Over the years, we have integrated this approach into many areas of our company including store planning and design, construction, and merchandising. Today, we continue to take our responsibility seriously because we value the environment in which we live and we understand that our growth could present challenges to limited resources.

Environmental Management Program

Target’s Environmental Services group is responsible for ensuring compliance with all environmental regulations and for setting environmental goals for the Corporation. Individuals with a wide-range of environmental and technical experience manage the environmental aspects of regulatory compliance, property acquisitions, waste disposal, recycling, and asset reclamation. Elements of our environmental management program include setting environmental goals, communication and outreach, in-house and external training, permit management, data analysis, self-auditing of systems and information tracking. These elements are integrated into day-to-day operations through web-based programs and external consultant support.

The goal of Target’s environmental management program is to develop systematic solutions to manage the environmental aspects of our business. Target is in the process of evaluating various environmental management system models such as ISO 14001, and the United States Environmental Protection Agency’s (USEPA) Performance Track.

Metrics and Measurements

Developing metrics for our key environmental programs is integral to the success of these programs and our ability to drive great results. For Target, environmental metrics are normalized to sales, where appropriate. This allows Environmental Services to measure achievable goals as the market size increases. Depending on the program, performance metrics are established to provide meaningful and relevant data for analyzing trends, as well as opportunities for improvement.

Regulatory Compliance

Target takes a proactive stance on environmental regulation. In many cases, Target implements programs chain-wide that are more stringent than local or regional regulations because we believe in protecting our communities’ natural resources, and providing a safe work environment for our team members.

A Notice of Violation (NOV) is a written claim from an agency indicating non-compliance with a regulation and Target works hard to minimize the number of NOVs we receive. In recent years, the NOVs issued to Target were primarily administrative or paperwork errors. To improve upon this record, we have instituted new processes and systems that help us more accurately track permit requirements and renewal time frames.

Sustainable Site Development

At our current rate of growth, Target builds about 100 new stores a year. With each new store comes the challenge of not only building a great looking store, but of being respectful of the communities we are serving, including demands on environmental resources. Target’s Property Development team is well versed in design, construction, development and resource preservation techniques. Through early interaction with community leaders and local planning commissions, Target strives to design stores that are aesthetically pleasing to the community and considerate of natural resources.

Property Acquisition-Environmental Due Diligence

Target performs environmental due diligence on all properties sited for new stores, whether leased or purchased. Using the ASTM E-1527 protocol as a template, Target has developed its own Phase I protocol that expands the basic requirements to include a review of local regulations/ordinances and natural resources such as wetlands, critical habitat and endangered species. This process allows us to make educated decisions regarding potential environmental concerns. We ensure the quality of information we receive by pre-screening consultants, and establishing a Master Service Agreement contract with sophisticated insurance, liability/indemnification and financial requirements.

Brownfield Redevelopment

With Target's entry into densely-populated major metropolitan areas, our expansion strategy now includes redeveloping environmentally impaired properties, referred to as "Brownfields." Site conditions may range from minor spill sites to former Superfund sites. Redevelopment of these properties is guided by a comprehensive understanding of site environmental conditions along with a feasible remediation solution that meets State and Federal clean up standards. Where appropriate, we enter into Voluntary Cleanup Programs with state agencies to ensure that our remediation solution adequately protects the environment. In addition, by redeveloping Brownfield sites, Target creates jobs in the community and increases tax revenue to cities and schools. Approximately one-third of Target's new store openings in both 2003 and 2004 were either Brownfield redevelopment sites or reflected the redevelopment and re-use of existing buildings. Recent examples include:

- Atlantic Terminal in Brooklyn, New York, which was converted from a train station to a Target store in July 2004,
- A former EPA Superfund and MPCA Voluntary Investigation and Cleanup Program site in Andover, Minnesota opened as a Target store in March 2005, and
- An old landfill site in Allen Park, Michigan which has been redeveloped and is scheduled to open as a Target store in October 2005.

Site Development

Developing new store locations creates opportunities for Target to explore innovative site design features. Many of these new site design techniques have focused on controlling urban storm water runoff and conserving energy (refer to the "Energy Conservation" section). Target uses these opportunities to gather first-hand knowledge of technologies and practices that may someday become standard "best practices" for our storm water management program, or a component of store design. As described below, our Developers Guide provides written specifications and site criteria for low impact assessments.

Development Specifications - Target has created a Developer Guide with specifications for the construction of a retail store building and associated guest parking. Stores are constructed using masonry bearing walls, steel columns, joists and beams. Steel bar joists are commonly made from old cars and Target's prototype store design allows for the use of concrete containing fly ash and recycled/reground material. Our stores are designed for a 50+ year life cycle with scheduled maintenance. Planned renovation during a building's life cycle maintains and enhances the value of our financial investment and reinforces our brand. Our prototype design specifies the use of:

- Low VOC (volatile organic compounds) carpet, adhesives, sealants and paints,
- Locally manufactured construction materials, when feasible,
- Natural or cultivated grasses indigenous to the site for the lawn,
- Office furnishings for our executive team members that are GreenGuard certified and office equipment that carries the Energy Star certification, and
- Outdoor lighting fixtures that are dark sky friendly and have full cutoff.

In addition to the above specifications, our prototype roof membranes are white, producing two environmental benefits. One benefit is that it reflects the sun's heat, helping to reduce the heat island effect of the store. Additionally, the white roof membranes are considered to be "clean" from a storm water perspective (compared to gravel and tar roofs), reducing the need to channel runoff into a storm water management system.

Our Developer Guide also includes site criteria for low impact assessments. Target specifies that the developer or contractor identify up to 10 LEED points from Sustainable Site and Water Efficiency categories as defined by the United States Green Building Council. Sustainable-design features of our Allen Park, Michigan store include:

- Capturing rainwater to irrigate the store's landscaping and flush its sewer system.
- Installing low-flow fixtures in restrooms to conserve water.
- Installing heating, ventilation and air conditioning (HVAC) systems that meet energy savings 30 percent greater than required by city code.
- Using steel bar joists and concrete building components that have been fabricated from recycled materials.
- Employing skylights to supplement interior lighting when conditions are optimal.
- Monitoring indoor air quality by measuring carbon dioxide levels in the store and increasing the quantity of outdoor ventilation air intake as the number of guests increase.

Other innovative designs in some metropolitan markets have included bio-swales in lieu of catch basins and underground piping to manage storm water runoff from our parking lots, as well as rain gardens to trap storm water and provide a natural habitat for wildlife. We employed the use of this strategy for the entire parking field at Target Financial Services in Minnesota and at Algonquin, Illinois store which opened July 2003. We are using these locations to gather data to understand the benefits and long-term feasibility of this technology as a practical solution for storm water management.

Target has been a member of the US Green Building Council since 1997, and is actively participating on a committee to establish LEED standards for the retail industry.



Rendering of the Allen Park, Michigan Target store, scheduled to open October 2005. Rainwater will be captured using a rooftop cistern (shown on the right).

Greenhouse Gas Emissions

While Target is not a manufacturer emitting point source air pollutants, like all other companies and households, we do consume energy. We recognize that climate change could adversely impact Target by producing higher energy costs, increased operational expenses (to track and manage climate change issues) and incremental capital investment (for carbon dioxide reduction projects). As a result, Target puts tremendous focus on best practices for energy efficient building design and operations. Our objective is to be aware of the implications of our

energy decisions and to be a responsible energy consumer in running our business from day to day. We are committed to doing our part to reduce carbon dioxide (CO₂) emissions.

Climate Leaders - To demonstrate this commitment, Target joined the United States Environmental Protection Agency's (USEPA) voluntary Climate Leaders program. This program challenges participating Climate Leaders to set a corporate-wide greenhouse gas (GHG) emissions reduction goal.

Using the GHG evaluator and calculation methods prescribed by USEPA's Climate Leaders program, Target's 2004 U.S. emissions were 1,821,032 metric tonnes of carbon dioxide, 9,930 metric tonnes of methane, and 225 metric tonnes of nitrous oxide. Our total emissions converted to CO₂ were 2,099,370 metric tonnes. We are currently working with the USEPA to set a GHG reduction goal that is attainable and impactful and develop a plan to meet that goal. While Target's dynamic environment, where the number of stores is growing and our business strategy is evolving to include a wider scope of products, poses a challenge, we remain committed to using energy in an efficient manner and reducing greenhouse gas emissions.

Energy Conservation

Target puts tremendous focus on energy efficient design and operation. For example, in 1992 Target was among the first major retailers to incorporate energy reduction by introducing T8 lamps and electronic ballasts into our new stores. Between 1994 and 1998 Target retrofitted more than 250 stores with this energy savings technology

Target also uses an integrated energy management system to control lighting, refrigeration equipment, heating and cooling equipment, and exhaust fans in all stores. Our energy management system is centralized and controlled at Target Headquarters, allowing us to implement company-wide energy policies and to trouble-shoot existing systems. Alarms are generated to notify operators of store comfort issues, and the need for equipment service. Refrigerated product is maintained by a state-of-the-art web-based system to control display case temperature, generate redundant alarms if product temperatures are out of range, and provided energy efficient defrost cycles.

In 1995 Target partnered with USEPA on its Energy Star Program, a program designed to encourage energy conservation in facilities and product design. Target's Fullerton, California store was used in USEPA's Energy Star Show Case Building project to demonstrate the viability of the Energy Star buildings program. This project tested a number of different concepts such as the use of skylights to supplement interior lighting, occupancy sensors to control lighting, low-power lighting on the sales floor, and state-of-the-art air conditioning enhancements. The results of Target's energy conservation measures were published as a case study by the USEPA.

We have integrated many of the Energy Star Show Case ideas into our Stores' prototype design to minimize power usage. In 1996, Target installed motion sensors in all stockrooms and offices, reducing energy demand from lighting by over 80% in those areas. The following year, they were incorporated into Target's store prototype design.

Green Energy Use - Part of Target's energy management program involves the purchase, when economically viable, of "green" energy to reduce our dependence on other fuel sources such as natural gas or fuel oil. For instance, we are purchasing green energy to supplement demand in the Texas and New Mexico markets. In New Mexico, 5% of our energy needs comes from renewable sources such as wind power. In Texas, "green tags" are used to offset 25% of our power needs in the Dallas area and 10% in the Houston area. Green tags are the monetary value assessed to a green energy source based on perceived environmental benefits.

In 2003, three Target stores in Los Angeles participated in a rebate program, sponsored by the Los Angeles Department of Water and Power and Southern California Gas Company, that promoted the installation of solar panels known as photovoltaic cells. This program allowed Target to feasibly install approximately 7,500 solar panels covering approximately 110,600 square

feet of available roof area. The solar panels generate about 20 percent of the three stores' annual electrical energy requirements. During peak periods, solar energy from these panels provides up to 50 percent of a store's energy need.



Solar roof panels for harnessing the sun's energy at a Los Angeles Target store

From this project, Target has gained valuable insight into the practical application of solar power; the sponsoring utility companies are experiencing reduced energy demand; and the environment is spared undesirable air emissions from use of fossil fuels.

In 2005, Target is participating in the Energy Conservation Incentive program offered by Southern California Edison with our new Fontana North store. Our architects and engineers designed a roof that uses hundreds of Solatube skylights to harness solar energy. With this system, sunlight is directed through a rooftop skylight and diffused into an acrylic lens located in the store's ceiling. During June (the longest sunlight period), solar energy will provide as much as 100 percent of our sales floor lighting needs for 6 hours a day. In December (the shortest sunlight period), solar energy will provide as much as 75 percent of the sales floor lighting needs for 4 hours a day.

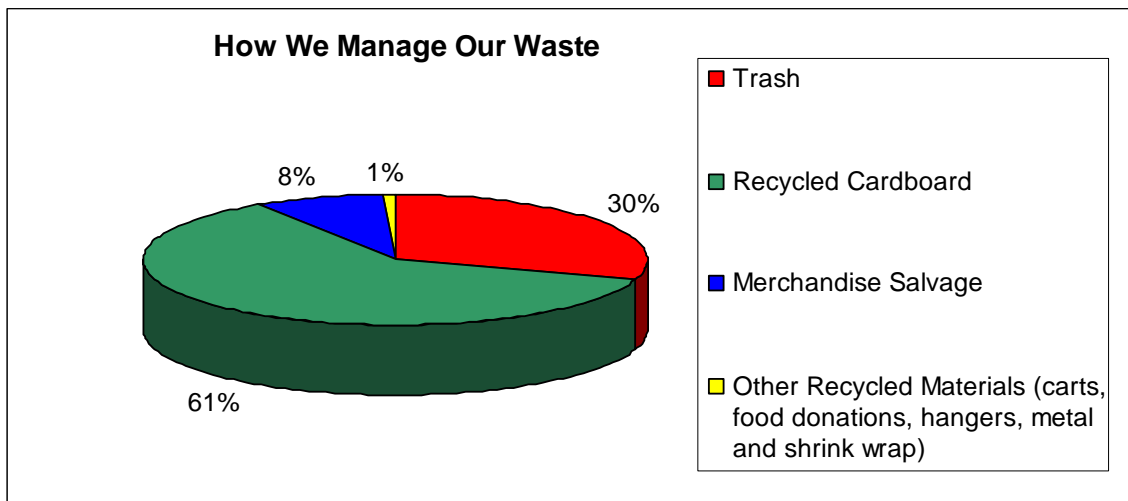


Solar tubes direct sunlight energy into the Fontana North (California) Target store.

Waste Reduction and Management

Waste reduction is at the core of Target’s environmental commitment. Our solid waste program is centrally managed from our headquarters in Minneapolis, and allows us to track performance for all stores and distribution centers. By collecting data such as compactor weights, we ensure compactor loads are full, resulting in fewer trips to landfills, and reduced vehicle emissions. Performance metrics compare sales volume to the weight and frequency of compactor loads, and allows each store to measure its performance in comparison with all other stores.

Through our commitment to reduce waste, we have been able to reuse, recycle or rethink the end-of-life use for 70 percent of our materials that would previously have been sent to a landfill. We are encouraged by our success and continue to evaluate new markets for reuse of unsaleable merchandise and to expand our recycling program.



Reflects waste from store operations and distribution center operations

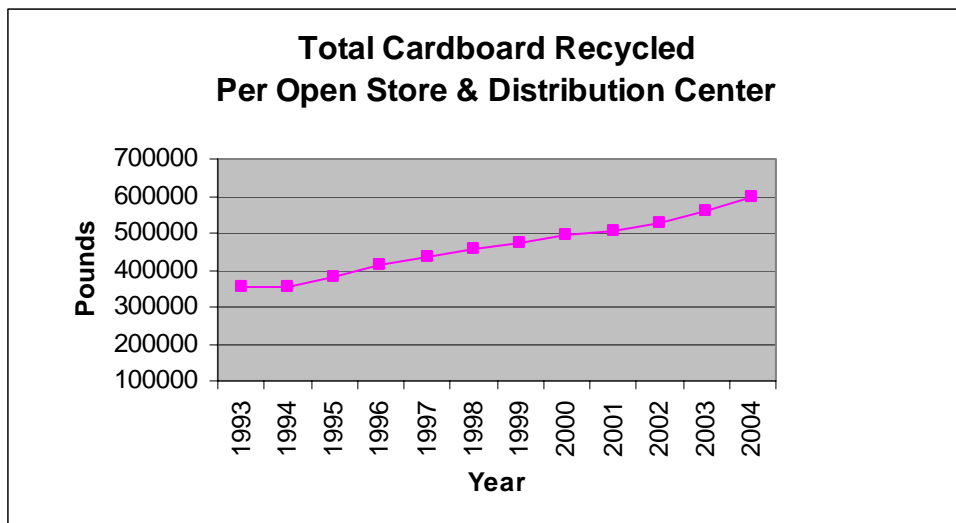
Recycling

Recycling is an on-going process of renewal that benefits the Earth by using fewer natural resources and simultaneously benefits Target's bottom line. By recycling and keeping materials out of landfills and incinerators we are not only doing what is right for the environment—we are giving value to materials that used to be considered trash.

Garment Hangers – Target actively manages its supply of plastic garment hangers by returning used hangers to vendors for an average re-use of five times. Each year, we reuse 70 to 80 percent of our hangers in circulation, which keeps 28.8 million pounds of plastic and over 5.7 million pounds of metal out of incinerators and landfills. Once plastic hangers have exceeded their useful life, they are ground and re-manufactured into post-consumer goods. In 2004, Target recycled 2.5 million pounds of plastic from used hangers.

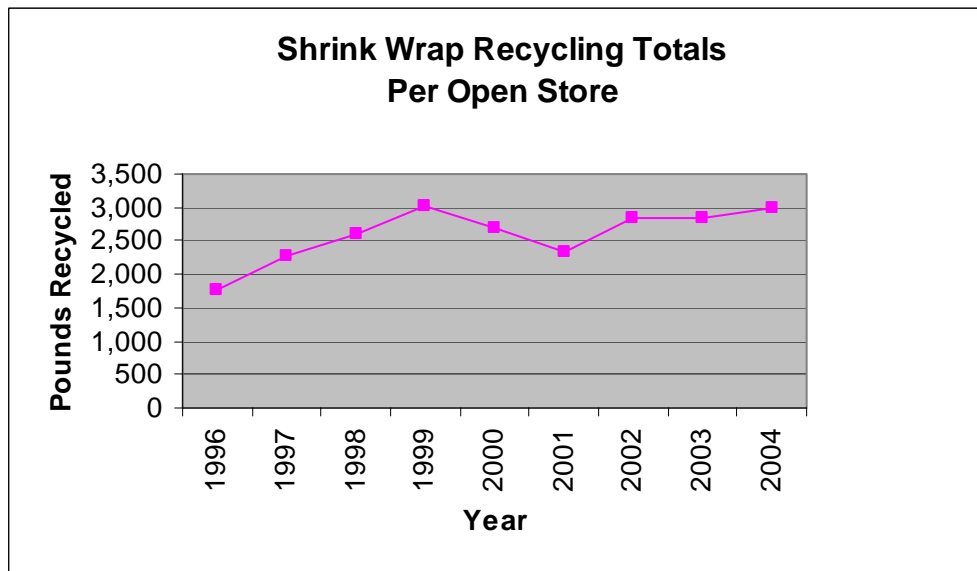
Corrugated Cardboard – Since the early 1990s, Target has aggressively implemented initiatives to encourage both our stores and our distribution centers to recycle cardboard, resulting in a dramatic increase – more than 100 percent – in tons of recycled cardboard over the past decade. At these locations, cardboard is baled and sold for profit. In 2004, Target stores and distribution centers recycled 799 million pounds of cardboard, which was a 12 percent increase from 2003. For the 1999-2004 fiscal years, Target cardboard revenue has outpaced the amount paid in trash expenses.

To sustain our steady increase in cardboard recycling quantities at the store level, Target initiated a Six Sigma project in 2004 to identify factors influencing recycling rates. Results of this project revealed additional opportunities to recover more corrugated cardboard by improving best practices, training and performance reporting. In addition, we initiated a pilot test to evaluate the feasibility of consolidating cardboard bales from stores to distribution centers. Results from the pilot test were positive and the program is being rolled out to selected stores in 2005. The goal of this program is to improve service to the stores and increase recycling income.



Shrink Wrap – Shrink wrap is the plastic material wrapped around merchandise to secure it to a pallet for shipping. Target's distribution centers receive millions of pallets of merchandise annually, with many of the pallets enclosed in shrink wrap. With high volumes of shrink wrap to manage, we recognized the need to divert this material from the waste stream, and ultimately the landfill. The result is a recycling program where our recycling partner processes the plastic to produce a durable, low maintenance lumber product made from a plastic and wood composite.

This program is now an integral part of Target's distribution center prototype. All new distribution centers are outfitted with a baler solely for producing shrink wrap bales. In 2004, Target distribution centers recycled nearly 4 million pounds of shrink wrap.



Shopping Carts – In 2000, Target formalized a shopping cart refurbishing and recycling program that keeps usable plastic and metal out of landfills, and extends the life of shopping carts. This program lets us refurbish carts and put them back into service or, if the condition prohibits refurbishment, recycle the carts. Carts that are refurbished are either used at Target stores or sold to a third party for reuse. When a cart cannot be refurbished, the plastic and metal are recycled for reuse in products such as pre-engineered septic systems, plastic pallets and scrap steel. In 2004, this program refurbished or recycled more than 43 thousand carts.

Reuse

At Target, before we discard or recycle any material, we first determine who might be able to use what we no longer need. As a result, Target has found ways to reuse everything from food to file cabinets; paint cans to party supplies and office equipment to home decor. This approach not only saves millions of dollars in disposal costs, it allows individuals and organizations throughout the country to acquire goods they need but could otherwise not afford. When our salvage opportunities are maximized, they benefit the surrounding communities, keep useful items out of the waste stream, and reduce our waste expenses.

Merchandise Salvaging – Target's salvage program promotes the resale and reuse of damaged and overstocked merchandise. Last year, we salvaged more than 110 million pounds of unsaleable product, which included seasonal and clearance merchandise. This is a 19 percent increase from 2003. More than 900 Target stores partner with local Goodwill Industries affiliates or other non-profit agencies. These non-profits and charities provide needed goods and services to the community, including basic needs, community enrichment and job training.

Food Donation – Target has partnered with America's Second Harvest to donate our overstock grocery items. America's Second Harvest is a nationwide non-profit organization dedicated to feeding those in need through food pantries, soup kitchens and after-school feeding programs. As we expand SuperTarget and the food assortment in our general merchandise stores, our food donation program also expands. From 2003 to 2004, Target's food donations increased 38 percent, with the inclusion of our distribution centers as donation sites in 2004. Food donations will continue to grow as Target expands our food assortments and donation sites.

Asset Recovery

In 2004, Target created a centralized asset recovery program that assists team members company-wide with the management of excess or unneeded corporate assets. These include

restaurant equipment, store fixtures, fork lifts, store/DC equipment, and other types of industrial equipment. Target's Asset Recovery team coordinates redeployment, sale, donation and recycling efforts. Our in-house program helps manage risk, increase recovery and track asset disposition. In 2004, the Resource Recovery team sold more than 7,200 unwanted equipment items, which kept unnecessary waste out of the landfill, reduced trash expenses and generated revenue.

Environmentally Friendly Products

At Target, we are continually "rethinking" our buying behavior to lessen impacts on our communities, our environment and our bottom line. Target's 'green' purchasing initiative includes increasing our use and supply of recycled-content and non-toxic products. Buying recycled products helps support the recycling industry by "closing the loop" on the recycling process. For recycling to be complete, recyclable material must be reprocessed into new and useful products or materials and then sold again. Non-toxic products are safer for humans and the environment, and can be disposed of without special processes or regulations.

New team members in Target's merchandise organization receive training to increase their awareness of recycled content products and to encourage discussion of environmentally preferable product options with vendors. The "Buyer's Guide" provides guidelines that include definitions and proper labeling information. Equipping our merchants with a clear understanding of commonly used terms, available product certifications and labeling requirement allows them to make smart choices when selecting merchandise for our stores. We consider our environmental impact at every level of our company. The products we sell are no exception. Here are examples of green products available at Target stores.

Household Products	Outdoor/Sporting Goods
<ul style="list-style-type: none"> • All natural kitty litter • Cleaning Products – Method brand cleaners are non-toxic, biodegradable, safe in the waste stream, derived from natural ingredients; Orange Glo and Oxy Clean are non-toxic • Compact fluorescent light bulbs • Energy Star electronics • Stainless steel kitchen compost pail • Stainless steel recycling center step can 	<ul style="list-style-type: none"> • Deck boxes, storage sheds & molded landscape edging – contain 10-25% recycled content • Holiday lights – At Target's request, mfrs removed 13 million plastic trays and reduced cardboard packaging • Hose Reels – certain models contain 100% reground material • Huffy brand basketball backboard comprised of 80% post-consumer waste (recycled soda bottles) • Snowboards made from 50% post-consumer waste
School/Home Office Products	Organic/All Natural Foods
<ul style="list-style-type: none"> • Greeting cards – some brands made from 50-100% recycled paper with 20-30% post-consumer waste • Index cards - 50% recycled fiber • Recycled copy paper - 30% post-consumer fiber • Reusable and washable book covers • Several styles of refillable pens & pencils • Spiral notebooks - 15% recycled fiber 	<ul style="list-style-type: none"> ○ Several brands of organic food products are available at our SuperTarget stores, including Amy's, Annie Chun's, Archer Farms (All Natural Chips), Back to Nature, Cascadian Farm, Earthbound Farm, Hansen's, Honest Tea, Horizon, Kashi, Nature's Path, Newman's Own, Stonyfield Farm, Tazo Tea, Wolfgang Puck, and others. ○ Annie Chun's products are also packaged in biodegradable trays.

Health & Beauty Aids	Home Decor
<ul style="list-style-type: none"> • Soap – Method brand liquid soap is non-toxic & biodegradable • Hand lotion – Method brand is non-toxic & biodegradable 	<ul style="list-style-type: none"> ○ Door mats with backings made of 100% recycled tires (Mohawk Home) ○ Home fragrances – Method brand air fresheners and candles are non-toxic and derived from natural ingredients ○ Recycled glass vases

Other ways that Target buys products and supplies with recycled content include:

- Corrugated boxes – Contain 30% recycled content.
- Store Mail Boxes – over 2 million store mail boxes and backroom organization boxes contain 35% post consumer content. These were manufactured specifically for Target’s use.
- Target shoe boxes are made from 80% recycled fiber. The recycled fiber consists of old corrugated containers collected from supermarkets. Most Target hang tags, header cards, etc. are made with 20-60% pre-consumer waste materials.
- In 2004, Target’s Printing Services Department purchased nearly 3.5 million pounds of paper that contained at least 30% post consumer fiber. Recycled paper is always our first choice based on availability.

Import Packaging Reduction Education

Target is continuing its efforts towards sustainability by forging internal partnerships to incorporate environmentally sensitive business practices within the company. In a collaborative effort between Target’s environmental services and transport packaging groups, guidelines were developed to assist vendors in identifying packaging options with fewer environmental impacts and greater recycling potential. These guidelines combine international conventions and state-specific requirements into a single document to provide a clear set of options for vendors to integrate more environmentally sound design into their packaging.

Target’s internal partnerships will continue to drive positive change towards more sustainable business practices, more efficient operations, and stronger ties to our communities. Working with our vendors to identify opportunities to incorporate sustainability initiatives into our core business functions helps ensure that Target is meeting the expectations of our guests and our communities.

Partnerships

Target believes that partnership is one of the most effective ways to develop solutions to environmental problems. We have collaborated with several environmental organizations on special projects, and our team members serve in leadership roles to help promote sustainability.

- United States Environmental Protection Agency - Climate Leaders and Stormwater Runoff Strategies, Partnership
- United States Green Building Council (USGBC), Corporate Sponsor, National Committee Vice-Chair (LEED for Retail Application Guide), Board Member of USGBC-Chicago Chapter
- National Recycling Coalition (NRC), Membership
- American Industrial Hygiene Association (AIHA), Membership
- National Association for Environmental Management (NAEM), Board Member

Our operations show how businesses can successfully profit while respecting the environment. By conserving our natural resources, minimizing environmental impacts to our communities, and providing a safe work place for our employees, Target is moving towards sustainability.

Economic Responsibility

Financial Performance

Annual and quarterly financial results for Target Corporation may be found in the Form 10-Q and Form 10-K filings with the SEC. These documents are available through the "Investor Information" section of the Target.com website.

Summary:

FINANCIAL SUMMARY - CONTINUING OPERATIONS

	2004	2003	2002	2001	2000	1999
Financial Results: (in millions)						
Sales	\$ 45,682	\$ 40,928	\$ 36,519	\$ 32,602	\$ 29,462	\$ 26,296
Net credit revenues	1,157	1,097	891	419	278	233
Total revenues	46,839	42,025	37,410	33,021	29,740	26,529
Cost of sales	31,445	28,389	25,498	23,030	20,870	18,576
Selling, general and administrative expense	9,797	8,657	7,505	6,612	6,025	5,424
Credit expense	737	722	629	313	185	155
Depreciation and amortization	1,259	1,098	967	820	676	583
Earnings before interest expense and income taxes	3,601	3,159	2,811	2,246	1,984	1,791
Net interest expense	570	556	584	470	422	455
Earnings before income taxes	3,031	2,603	2,227	1,776	1,562	1,336
Provision for income taxes	1,146	984	851	675	600	518
Earnings from continuing operations	\$ 1,885	\$ 1,619	\$ 1,376	\$ 1,101	\$ 962	\$ 818
Per Share:						
Basic earnings per share	\$ 2.09	\$ 1.78	\$ 1.52	\$ 1.22	\$ 1.06	\$ 0.93
Diluted earnings per share	\$ 2.07	\$ 1.76	\$ 1.51	\$ 1.21	\$ 1.06	\$ 0.88
Cash dividends declared	\$ 0.310	\$ 0.270	\$ 0.240	\$ 0.225	\$ 0.215	\$ 0.200
Financial Position: (in millions)						
Total assets	\$ 32,293	\$ 27,390	\$ 24,506	\$ 19,808	\$ 15,349	\$ 12,970
Capital expenditures	\$ 3,068	\$ 2,738	\$ 3,040	\$ 3,002	\$ 2,319	\$ 1,733
Long-term debt	\$ 9,034	\$ 10,155	\$ 10,119	\$ 8,055	\$ 5,598	\$ 4,483
Net debt*	\$ 7,806	\$ 10,774	\$ 10,733	\$ 8,873	\$ 6,453	\$ 4,979
Shareholders' investment	\$ 13,029	\$ 11,132	\$ 9,497	\$ 7,896	\$ 6,548	\$ 5,871
Financial Ratios:						
Revenues per square foot**	\$ 294	\$ 287	\$ 281	\$ 277	\$ 276	\$ 269
Comparable store sales growth	5.3%	4.4%	2.2%	4.1%	3.4%	6.7%
Gross margin rate (% of sales)	31.2%	30.6%	30.2%	29.4%	29.2%	29.4%
SG&A rate (% of sales)	21.4%	21.2%	20.5%	20.3%	20.5%	20.6%
EBIT margin (% of revenue)	7.7%	7.5%	7.5%	6.8%	6.7%	6.8%
Other:						
Common shares outstanding (in millions)	890.6	911.8	909.8	905.2	897.8	911.7
Retail square feet (in thousands)	165,015	152,563	140,294	125,359	113,060	103,369
Square footage growth	8.2%	8.8%	11.9%	10.9%	9.4%	8.9%
Number of stores						
General Merchandise	1,172	1,107	1,053	991	947	896
SuperTarget	136	118	94	62	30	16
Total	1,308	1,225	1,147	1,053	977	912
Number of distribution centers	25	22	18	16	15	14

* Including current portion and notes payable, net of marketable securities of \$1,732, \$244, \$357 and \$84, respectively.

There were no marketable securities in 2000 and 1999.

** Thirteen-month average retail square feet.

Locations (as of 6/02/05)

Distribution Centers (23)

Fridley, MN	Tifton, GA	Lindale/Tyler, TX	West Jefferson, OH
Little Rock, AR	Oconomowoc, WI	Wilton, NY	Midlothian, TX
Los Angeles, CA	Albany, OR	Huntsville, AL	Topeka, KS
Pueblo, CO	Indianapolis, IN	Kalamazoo, MI	Camden, SC
Sacramento, CA	Stuarts Draft, VA	Phoenix, AZ	Amsterdam, NY

Cedar Falls, IA

Shafter, CA

Chambersburg, PA

Import Warehouses (3)

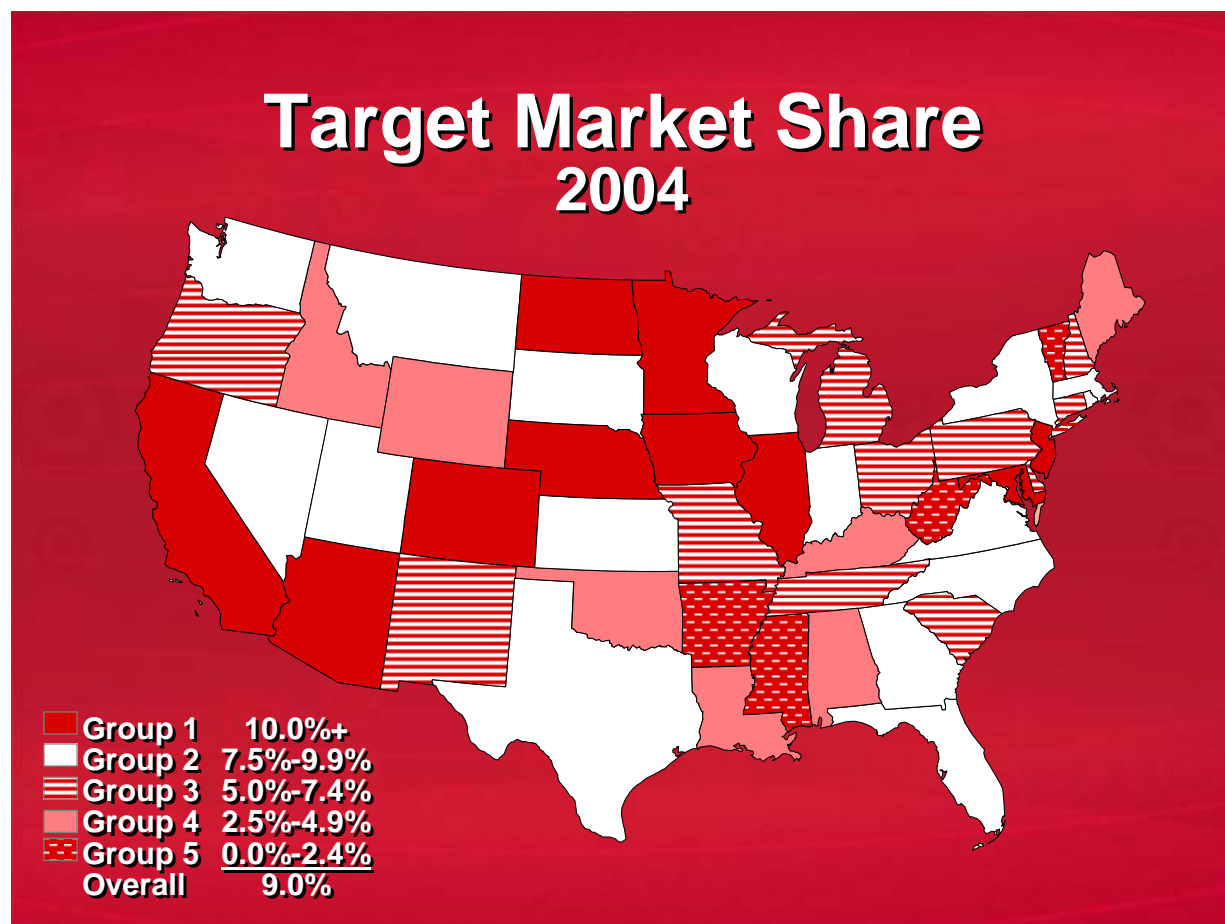
Los Angeles, CA

Lacey, WA

Suffolk, VA

1330 Stores in 47 States (Includes 141 SuperTarget stores): Alabama (10), Arizona (41), Arkansas (4), California (195), Colorado (30), Connecticut (11), Delaware (2), Florida (85), Georgia (41), Idaho (5), Iowa (21), Illinois (73), Indiana (31), Kansas (16), Kentucky (12), Louisiana (11), Maine (2), Maryland (29), Massachusetts (22), Michigan (51), Minnesota (64), Mississippi (3), Missouri (27), Montana (7), Nebraska (11), Nevada (14), New Hampshire (5), New Jersey (32), New Mexico (8), New York (46), North Carolina (34), North Dakota (4), Ohio (48), Oklahoma (10), Oregon (17), Pennsylvania (31), Rhode Island (2), South Carolina (17), South Dakota (4), Tennessee (24), Texas (115), Utah (9), Virginia (37), Washington (31), West Virginia (4), Wisconsin (32), Wyoming (2)

141 SuperTarget Stores in 21 States: Alabama (6), Arizona (2), Colorado (9), Florida (16), Georgia (7), Iowa (8), Illinois (8), Indiana (7), Kansas (6), Louisiana (3), Minnesota (12), Missouri (3), Nebraska (3), North Carolina (5), North Dakota (1), Oklahoma (3), Tennessee (2), Texas (31), Utah (6), Virginia (2), Wisconsin (1)



Awards and Recognition

2004 Awards

- King Center "Salute to Greatness" Award, recognizing civic engagement and consistent commitment to community
- "Humanitarian Award" from Fashion Group International, presented by Julie Andrews, in recognition of Target's longstanding tradition of charitable giving
- Reach Out and Read "Literacy Champion Award", presented by First Lady Laura Bush
- The American Red Cross "Circle of Humanitarians" Award, recognizing Target's support of Red Cross programs including hurricane relief efforts.
- One of only 22 companies (out of a total of 2,121 worldwide) to earn a perfect 10 in governance ratings by GovernanceMetrics International.
- Named "Champion of Profitable Growth" by Harvard Business Review
- "Outstanding Employer" award, presented by The Washington State Chapter of the National Committee for Employer Support of the Guard and Reserve (ESGR), for Target's support of team members serving in the guard and reserves.
- U.S. Environmental Protection Agency (U.S. EPA) – Region 7 Pollution Prevention Award
- U.S. EPA 2004 WasteWise Very Large Organization – Honorable Mention
- 2004 Waste Management Award (Air and Waste Management Association)
- California Waste Reduction Awards Program 2004
- Wisconsin Governor's Award for Excellence in Environmental Performance
- Kentucky Environmental Quality Commission Earth Day Award
- The Greater Minneapolis Convention and Visitors Association's O.D. Gay Award presented to Target for its leadership in creating the Safe City program.

Other Awards

For additional information regarding Target Corporation, or our initiatives and commitments related to corporate responsibility, you may send an email to investorrelations@target.com, or write to:

Target Corporation
Attention: Vice President, Investor Relations (TPN-1448)
1000 Nicollet Mall
Minneapolis, MN 55403

This Corporate Responsibility Report was last updated:

June 15, 2005

Injury and Illness Prevention Program

Target Corporation facilities will administer a comprehensive and continuous occupational Injury and Illness Prevention Program (IIPP) for all team members. The health and safety of the individual, whether in the Distribution Center, Stores or Offices takes precedence over all other concerns. Management's goal is to prevent accidents and to reduce personal injury and occupational illness and comply with all safety and health standards.

I. RESPONSIBILITY

The STORE MANAGER, STORE TEAM LEADER, DIRECTOR, GENERAL MANAGER, OR DEPARTMENT HEAD, _____ (name) has the authority and responsibility for implementing the program, and _____, is responsible for overall management and administration of the Injury and Illness Prevention Program. Each Team Leader/Department Manager is responsible for implementing the IIPP in his/her work area. A copy of the IIPP shall be available from your facilities Safety Organizer and questions regarding the program should be directed to your Team Leader/Department Manager.

II. TEAM MEMBER COMPLIANCE

Team Members who follow safe and healthy work practices will have this fact recognized and documented on their performance reviews. Team Members who are unaware of correct safety and health procedures will be trained or retained as described in Section VII.

III. COMMUNICATION

The Safety Team Meeting notes identify matters concerning occupational safety and health and these issues will be communicated to team members by written documentation, staff meetings, formal training, and posting. Communication from team members to Team Leaders/Department Managers and/or the SCT members about unsafe or unhealthy conditions is encouraged and may be verbal or written, as the team member chooses. The Target team member may also use the SAFETY CONCERN CARD.

NO TEAM MEMBER WILL BE RETALIATED AGAINST FOR REPORTING HAZARDS OR POTENTIAL HAZARDS OR FOR MAKING SUGGESTIONS RELATED TO SAFETY.

Our Safety Team Meeting notes will contain the results of the investigation of any team members safety suggestion or report of hazard and this will be distributed to all team members affected by the hazard or shall be posted on the appropriate safety board(s).

IV. INSPECTIONS

A Team Leader/Department Manager and/or SAFETY TEAM REPRESENTATIVE will conduct an inspection/investigation to identify unsafe work conditions and practices:

1. (Once a month) - the Safety checklist should be conducted in all work areas; and
2. Whenever new substances, processes, procedures or equipment are introduced in to the workplace that represent a new occupational safety and health hazard and;
3. Whenever the Team Leader/Department Manager/SAFETY TEAM REPRESENTATIVE is made aware of a new or previously unrecognized hazard.

The Safety checklist, Assessments and Building Service Calendar may be used to document these inspections/investigation.

V. INJURY AND ILLNESS INVESTIGATION

Occupational injuries and illness will be investigated in accordance with established procedures and documented, as described on our INCIDENT INVESTIGATION FORMS.

VI. CORRECTION OF UNSAFE OR UNHEALTHY CONDITIONS

Whenever an unsafe or unhealthy condition, practice, or procedure is observed, discovered, or reported, the TEAM LEADER/DEPARTMENT MANAGER or designee will take appropriate corrective measures in a timely manner based upon the severity of the hazard. Team Members will be informed of the hazard and interim protective measures taken until the hazard is corrected.

Team Members may not enter an imminent hazard area, without appropriate protective equipment, training, and prior specific approval of the TEAM LEADER/DEPARTMENT MANAGER or designee.

VII. TRAINING

- A. The STORE MANAGER, STORE TEAM LEADER , DIRECTOR, GENERAL MANAGER, and DEPARTMENT HEADS, or designee shall assure that Team Leaders/Department Managers receive training to familiarize them with the safety and health hazards to which Team Members under their immediate direction and control may be exposed.
- B. Team Leaders, Department Managers, and Department Heads are responsible to ensure that those team members under their direction receive training on general workplace safety and on safety and health issues specific to their job.

This training is provided:

- 1. To all new hire and team members given new job assignments when training has not already been received.
- 2. Whenever new substances, process, procedures or equipment are introduced to the workplace and represent a new hazard: and
- 3. Whenever the employer is made aware of a new or previously unrecognized hazard.

VIII. RECORD KEEPING

The STORE MANAGER, STORE TEAM LEADER, DIRECTOR, GENERAL MANAGER, DEPARTMENT HEADS, or designee shall keep records of inspections, included person(s) conducting the inspection, the unsafe conditions and work practices that have been identified and action taken to correct the identified unsafe conditions and work practices. These records shall be maintained for one (1) year (Safety checklist, Monthly Safety Inspections, Safety Meeting Notes, Safety Concern Cards).

He/She shall also keep documentation of safety and health training attended by each team members, including team members name or other identifier, training dates, type(s) of training and training providers. This documentation shall be maintained for three (3) years.

STANDARDS OF VENDOR ENGAGEMENT

TARGET CORPORATION, AND ITS AFFILIATED COMPANIES, CONDUCTS ITS BUSINESS IN AN ETHICAL MANNER. WE ARE CONCERNED ABOUT HUMAN RIGHTS. WE EXPECT OUR BUSINESS PARTNERS TO SHARE OUR ETHICAL CONCERNS. WE USE THE FOLLOWING STANDARDS IN SELECTING OUR BUSINESS PARTNERS AND EXPECT COMPLIANCE WITH THESE STANDARDS BY OUR BUSINESS PARTNERS, INCLUDING ALL MANUFACTURERS, CONTRACTORS, SUBCONTRACTORS AND SUPPLIERS UTILIZED IN THE MANUFACTURE AND FINISHING OF PRODUCTS THAT ARE ORDERED BY TARGET CORPORATION OR ANY OF ITS AFFILIATED COMPANIES.

SAFE AND HEALTHY WORKPLACE

WE SEEK BUSINESS PARTNERS WHO PROVIDE A SAFE AND HEALTHY WORKPLACE THAT COMPLIES WITH LOCAL LAWS. BUSINESS PARTNERS WHO PROVIDE RESIDENTIAL FACILITIES FOR THEIR WORKERS MUST ALSO PROVIDE SAFE AND HEALTHY RESIDENTIAL FACILITIES IN COMPLIANCE WITH LOCAL STANDARDS.

NO FORCED OR COMPULSORY LABOR

WE WILL NOT KNOWINGLY WORK WITH BUSINESS PARTNERS WHO USE FORCED LABOR IN THE MANUFACTURE OF PRODUCTS FOR OUR STORES.

FAIR DISCIPLINARY PRACTICES

WE WILL NOT KNOWINGLY WORK WITH BUSINESS PARTNERS WHO UTILIZE PHYSICAL OR MENTAL PUNISHMENT AGAINST THEIR EMPLOYEES.

NO DISCRIMINATION

WHILE WE RESPECT CULTURAL DIFFERENCES, WE BELIEVE WORKERS SHOULD BE EMPLOYED BASED ON THEIR ABILITIES, RATHER THAN THEIR RACE, GENDER, PERSONAL CHARACTERISTICS OR BELIEFS, AND ENCOURAGE OUR BUSINESS PARTNERS TO ELIMINATE DISCRIMINATION IN THEIR WORKPLACES.

REASONABLE WORKING HOURS AND OVERTIME

WE SEEK BUSINESS PARTNERS THAT DO NOT REQUIRE A WORKWEEK WHICH EXCEEDS LOCAL LAWS OR BUSINESS CUSTOMS, AND ENCOURAGE OUR BUSINESS PARTNERS NOT TO REQUIRE MORE THAN A 60 HOUR WORK WEEK ON A REGULARLY SCHEDULED BASIS, EXCEPT FOR COMPENSATED OVERTIME IN COMPLIANCE WITH LOCAL LAWS.

FAIR WAGES

WE SEEK BUSINESS PARTNERS THAT PROVIDE WAGES AND BENEFITS IN COMPLIANCE WITH LOCAL LAWS, AND ENCOURAGE OUR BUSINESS PARTNERS TO COMMIT TO THE BETTERMENT OF WAGE AND BENEFIT LEVELS THAT ADDRESS THE BASIC NEEDS OF WORKERS AND THEIR FAMILIES.

NO CHILD LABOR

WE WILL NOT KNOWINGLY WORK WITH BUSINESS PARTNERS WHO UTILIZE CHILD LABOR. WE DEFINE CHILD LABOR AS BEING BELOW THE LOCAL MINIMUM WORKING AGE OR THE AGE 14, WHICHEVER IS GREATER. WE DO MAKE AN EXCEPTION FOR LEGITIMATE APPRENTICESHIP PROGRAMS.

COUNTRY OF ORIGIN

WE WILL NOT KNOWINGLY WORK WITH BUSINESS PARTNERS WHO USE DECEPTIVE PRACTICES TO DELIBERATELY MISREPRESENT COUNTRY OF ORIGIN IN ORDER TO EVADE QUOTA OR OTHER IMPORT RESTRICTIONS OR DUTIES ON ANY PRODUCTS THAT WILL BE SOLD IN OUR STORES.

e/e/s = Economic, Environmental and Social

GRI Section Reference	Content	Target Report Section/Page
1.1-1.2 Vision and Strategy	Company's sustainability strategy	CEO Letter/ p. 1
2.1 – 2.22 Company Profile	Name & Major Service	Overview/ p. 3
	Operational Structure	Overview/ p. 3
	Major divisions	Overview/ p. 3
	Operations in other countries	Global Compliance - Global Sourcing Agents/ p. 32
	Scale of Organization	Overview/ p. 3
	Contact person for report	Appendix A
	Reporting Period	Appendix A
	Significant changes in size, structure	Overview/ p. 3
	Means by which report users can obtain additional information about Target's e/e/s activities	Various – noted in each section, as relevant
3.1 – 3.2 Governance Structure and Management Systems	Structure, including Board of Directors committees, responsible for strategy and oversight	Corporate Governance Profile – Board Committees/ pp. 5-6
	Percentage of Board members that are independent, non-executive directors	Corporate Governance Profile – Mix of Inside and Outside Directors Independence...Directors/ p. 7
	Process for determining expertise	Corporate Governance Profile – Board Membership Criteria/ p. 8
	Board-level processes for overseeing e/e/s actions	Corporate Governance Profile – Corporate Responsibility Committee/ p. 5
	Linkage between executive compensation and financial goals and performance	Corporate Governance Profile – Formal Evaluation of the CEO/ p. 9
	Internally developed codes of conduct, policies and status of implementation of e/e/s programs	Integrated into each section of the report, as appropriate
	Mechanism for shareholders to provide recommendations to the Board of Directors	Corporate Governance Profile – Board Interaction with Institutional Investors, The Press, Guests and Others/ p. 9
	Externally developed e/e/s principles or initiatives to which Target subscribes or endorses.	Environmental/ pp. 33-36, 42 Diversity/pp. 23-26
	Policies for managing upstream and downstream impacts, e.g. supply chain, outsourcing, etc.	Global Compliance – Target Corporation Compliance Organization/ pp. 29-31
	Approach to managing indirect impact of e/e/s activities	Global Compliance/ pp. 27-29 Environment/ pp. 33-39
	Processes for establishing goals, improving performance, communicating with and training employees, auditing/reviewing results of e/e/s efforts	Included in each section, as appropriate
	Status of certification pertaining to e/e/s management systems	

Economic Performance Indicators		
EC1	Net Sales/Revenues	Financial Performance/ p. 43
EC2	Geographic breakdown of markets; market share	Financial Performance/ p. 44
EC3	Cost of goods	Financial Performance/ p. 43
EC8	Taxes	Financial Performance/ p. 43
EC10	Donations to community	Community Giving/ p. 16
Social Performance Indicators		
LA2	Net employment creation	Commitment to Team Members/p. 23
LA3	Percentage of employees represented by collective bargaining agreements	Union Philosophy/ p.27
LA5	Practices regarding recording and notification of occupational accidents and diseases	Health and Safety/ p. 27
LA10	Description of EEO policies	Focus on Diversity and Equal Opportunity/ pp. 23-24
LA11	Diversity composition of senior management and Board of Directors	Focus on Diversity and Equal Opportunity/ p. 23
HR1	Description of policies re: human rights	Global Compliance/ pp. 27-29
HR2	Evidence of consideration of human rights impacts as part of investment & procurement decisions, including vendor selection	Global Compliance/ pp. 27-30 Standards of Vendor Engagement/ Appendix C
HR3	Description of policies and procedures to evaluate and address human rights performance of vendors	Global Compliance/ pp. 29-32 Standards of Vendor Engagement/ Appendix C
HR4	Policies and procedures for preventing discrimination	Focus on Diversity and Equal Opportunity/ pp. 23-26 Business Conduct Guide/ pp. 13-14
HR5	Description of freedom of association policy and extent to which policy is applied	Union Philosophy/ p. 27
HR6	Description of policy regarding prohibition of child labor, application of policy and procedures to enforce policy	Global Compliance/ pp. 29-32 Standards of Vendor Engagement/ Appendix C
HR7	Description of policy to prevent forced/compulsory labor – audit practices	Global Compliance/ pp. 29-32 Standards of Vendor Engagement/ Appendix C
SO1	Policies to manage impacts on communities in areas affected by activities	Community Giving/ pp. 16-22
SO2	Compliance mechanisms for addressing bribery and corruption	Business Conduct Guide/ p. 11
SO3	Compliance mechanisms for addressing political lobbying and contributions	Business Conduct Guide/ p. 14
PR1	Policy for preserving customer health and safety during use of products and services	Business Conduct Guide/ p. 14
PR3	Consumer Privacy	Business Conduct Guide/ p. 14