Kathee Tesija

EVP, Merchandising

EXPECT MORE. PAY LESS.®

STRATEGIC PRIORITIES

- Growth Drivers
- Gross Margin & Profitability
- Expense, Productivity & Capital
- Superior Experience
- Organizational Effectiveness
- Reputation Management

Growth Drivers

Gross Margin & Profitability

DIFFERENTIATED CONTENT

EXCEPTIONAL VALUE

expect more. pay less.

drive less, save more

Free $5 Target GiftCard™ with purchase of 10 waters shown!
Quantities limited; limit 3 GiftCards per guest; no rainchecks.

Enhanced water
20-oz. Vitaminwater or 33.8-oz. Smart Water in assorted flavors.

2 for $6
Sale | Planters
9.25-oz. cashew halves & pieces; selected others.

3.75
Each | Snacks
12-ct. Keebler variety pack, 9-ct. Pepperidge Farms snack pack; selected others.

Market Pantry milk All Market Pantry white milk is produced from cows not treated with rBST growth hormones.

2 for $6
Hostess snack cakes
Selected varieties.
• Hostess Donettes, **2 for $5**

2 for $5
Cookies and crackers
18-oz. Oreo or 9-oz Wheat Thins; selected others.

3 for $7
Cereal 12.8-oz. Cinnamon Toast Crunch or 12.8-oz. Rice Chex; selected others.

3 for $6
Sale | Market Pantry cheese
8-oz. blocks or shreds in assorted varieties.

$7
Coffee 11- or 12-oz. Dunkin' Donuts coffee in assorted varieties.

4 for $7
Market Pantry Selected 8-ct. cereal bars, cookies or toaster pastries.
• Selected crackers and fruit snacks, **2 for $3**

2 for $5
Sale | Quaker 6- to 12-ct. Instant Oatmeal or Oatmeal to Go in selected varieties.

pet essentials

9.89
Sale, each | Litter 20-lt. Feline Pine or 28-lb. Scoop Away; selected others.
• 5% off selected Scoop Away and Feline Pine litter items.

9.99
Sale, each | Cat food 18-lb Meow Mix or 18-lb. Friskies; selected others.
• 10% off other selected Meow Mix and Friskies items.

GiftCard

Free $5 Target GiftCard with purchase of two 20-lb. Purina Dog Chows!
Quantities limited; no rain checks.

Dog food 20-lb. Purina Dog Chow; selected others.

10.29
Each | Revlon Beyond Natural Skin matching makeup or smoothing primer; selected others.
• 10% off other selected Revlon face and eye products.

16.69
17-oz. Olay Regenerist recovery treatment and selected others.
• 10% off other selected Olay skin care products.

5.69
13.5-oz. daily lotion Nivea Body moisturizing lotion or Eucerin Replenishing lotion.
• 10% off all other selected Nivea and Eucerin skin care products.

1.69
Sale | 12-oz. Suave Kids' 2-in-1 shampoo and selected others.
• 10% off all other Suave hair care products.

10% off
Febreze 5.5-oz. candle or 2-pk. Noticeables oil refill.
• 16.9-oz. Febreze fabric refresher, **sale 3.19**

6.79
Fabric softener 130- to 180-ct. Bounce sheets, 72- to 90-load Downy liquid.

2.79
Each | Clorox Green Works 32-oz. all-purpose or glass cleaner.
• 10% off all other Green Works cleaners and dish soap.

2 for $9
All® Small & Mighty 32-load liquid.

easy transfers

3 no-hassle ways to transfer prescriptions:

- 1-877-RX-TARGET
- Target.com/pharmacy
- In the Pharmacy Dept.

PHARMACY™

TARGET™ COUPON EXPIRES 10/27/08

FREE
$10 Target GiftCard™ with purchase of any new or transferred prescription

Limit one coupon per prescription. Void if copied, transferred, purchased, sold or prohibited by law. No cash value. This coupon may only be redeemed at Target Pharmacy. Offer not valid for prescriptions transferred from other Target stores. Per federal law, offer not valid if any portion of prescription is paid for by a government program. Free GiftCard not valid as payment on this purchase. Maximum retail value $10 for free GiftCard.

Cashier Initials: _____

9856-0115-3980-3797-0599-9830-15

Target pharmacies are not located in all Target stores. Pharmacy hours vary by location. The services of a pharmacist may not be available at all times when Target stores are open.

essential
10 pack

CLASS
WITH
SASS
Fitting Room
PLAID
GONE
MAD

VINTAGE MODERN

THOMAS O'BRIEN™

Simply Shabby Chic™

RICHARD CHAI

JONATHAN SAUNDERS

ANYA HINDMARCH

SIGERSON MORRISON

samihayek

19.99
22.99

JOHN DERIAN™

expect more. pay less.
SM
new faces of design

14.99 TWIN
14.99
14.99 TWIN
14.99 TWIN
14.99 TWIN
FULL
full sheet set
250 thread count
FULL
full sheet set
250 thread count
FULL
full sheet set
250 thread count
full sheet set
250 thread count
full sheet set
250 thread count
24.99 FULL
24.99 FULL
24.99 FULL
24.99 FULL
QUEEN
queen sheet set
250 thread count
QUEEN
queen sheet set
250 thread count
queen sheet set
queen sheet set
34.99 QUEEN
34.99 QUEEN
34.99 QUEEN
34.99 QUEEN
34.99 QUEEN

FIELDCREST
FIELDCREST Luxury
QUEEN SHEET SET
500
FIELDCREST Luxury
KING SHEET SET
500
79.99 KING

by Champion

CONVERSE®

Smith & Hawken®

Boots

UK

sonia kashuk

napoleon PERDIS

pixi

shop Target.com

CONVERSE ONE STAR

original looks for the family, only at Target!

29.99
Each
Converse® One Star®
• Men's and women's shoe styles shown. Women's pink metallic satin skimmers not available in allstores.
• Tote bag style shown.

27.99, Girls' genuine-suede oxfords

19.99
Girls' Converse One Star glitter shoes Style shown. Girls' styles shown not available in all stores.

Other Converse One Star shoes and tote bags available.

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Sale **7.99** **Kids' 4-13 C9 tee or shorts**
• Boys' compression tee or soccer shorts. Tee has a stretchy, comfortable fit. Both feature Duo Dry fabric.
• Girls' tee is made with Duo Dry fabric. Mesh shorts are athletic fit with airy construction. Sizes XS-XL.

Sale **6.99** **Girls' 4-16 C9 seamless bra** Racerback or cropped bra with moisture-wicking Duo Dry fabric. Sizes XS-XL.

find more Find guest reviews for online items, including guest ratings in the product description at **Target.com**

expect more.
pay less.®

MUST-HAVE ITEMS

DIFFERENTIATED ASSORTMENTS

CHRISTINA
AGUILERA
KEEPS
GETTIN'
BETTER
A DECADE OF HITS

185215
x4
032

choxie

15.99 **EACH | DOG CARE** 80-ct. Arm & Hammer puppy pads, or 17.5- or 20-lb. Iams dry dog food.
• 3-lb. Iams dry cat food, **12.99**

15.49 **SALE | FOR YOUR DOG** 44-lb. Pedigree dog food.
• Other selected Pedigree dog food and treats, **2.39**

5.99 **SALE | PET ESSENTIALS®** 20-lb. dog food.
• 10% off all other Pet Essentials® pet food, rawhide and litter.

2 for $5 **5.5-OZ. PUP-PERONI**
• 10% off other selected dog treats.

6.49 **SALE, EACH CAT LITTER** 20-lb. Tidy Cats or 21-lb. Arm & Hammer Super Scoop; selected others.

9.99 **EACH | FOR YOUR CAT** 24-ct. Fancy Feast variety pack or 28+5-lb. Fresh Step Scoopable cat litter; selected others. Bonus quantity limited; no rain checks.

6.49 **EACH PAIN RELIEF** 100-ct. Motrin caplets or 100-ct. Aleve caplets or tablets.
• 10% off other selected Motrin and all other Aleve adult pain relief products.

4.49 **EACH | COUGH & COLD** 20-ct. Sudafed PE cold & cough caplets or 24-ct. Tylenol Cold Multi-Symptom gels.
• 10% off all other Sudafed and Tylenol cough and cold products for adults.

$4 **SPECIAL PURCHASE, EACH KLEENEX** 3-pk. 200-ct. boxes with 120-ct. flat; 4-pk. 70-ct. uprights. Items are packaged together. Quantities limited; no rain checks.

2 for $6 **SALE | SOAP** Axe 12-oz. shower gel; Caress 15- or 18-oz. body wash or 4-pk. soap.

3.64 **135-CT. TARGET® PANTILINERS**
• Other Target® feminine products available.

2.49 **PRILOSEC** 42-ct. tablets.

all the stores you shop rolled into one

$11 SALE, EACH

PAPER PRODUCTS 24-pk. Cottonelle double-roll bath tissue or 10-pk. Viva big-roll paper towels.
• 10% off 64-ct. Cottonelle moist wipes.

$7 **SPECIAL PURCHASE BOUNTY BASIC** 12-pk. regular-roll paper towels. Quantity limited; no rain checks.

2.99 **SALE, EACH | CLEAN UP** 3-pk. O-Cel-O scrub sponges or 70-sheet Scotch lint roller.
• Other O-Cel-O and Scotch-Brite cleaning supplies available.

3 for $8 **DISHWASHING** Selected Electrasol tabs and 75-oz. gel; Palmolive 38-oz. liquid.

8.99 **SALE | 3M FILTRETE** Micro-allergen furnace filter.
• All other 3M furnace filters also on sale.

1.99 **TARGET® CLEANING** 18- to 35-ct. wipes, 32-oz. sprays, 2- or 4-ct. erasers and 67.6-oz. glass cleaner refill.
• 75-ct. Target® disinfecting wipes, **3.59**

3.99 **SALE, EACH | SCENTED OIL REFILLS** 1-ct. Febreze Noticeables; 2-ct. Glade Plugins or Air Wick.

9.59 **DURACELL** 16-pk. AA or AAA batteries.
• 8-pk. C or D, or 4-pk. 9 volt, **9.29**

5.29 **TARGET® TRASH BAGS** 45-ct. 13-gal. drawstring; selected others.
• 88- or 150-ct. Target® 13-gal. bags, **8.39**

2 for $9 **SALE | STORAGE BAGS** Ziploc or Hefty Big Bags.
• Selected 12- to 40-ct. Hefty OneZip bags, **2 for $6**

8.49 **MEN'S FRUIT OF THE LOOM** 4-pk. boxer briefs or 5-pk. A-shirts. Sizes S-XL.
• Other men's Fruit of the Loom underwear available.

5.99 SALE, EACH

FABRIC CARE 180-ct. Bounce dryer sheets; 70- to 90-load Downy liquid.

$4 **EACH | LIQUID LAUNDRY DETERGENT** 46-load Purex; selected 32+4-load All®; 32-load All® Small & Mighty. Bonus quantity limited; no rain checks.

drive less, save more when you get it all done at Target

expect more. pay less.

Sale 2 for $7

Ice Cream 1.5-qt. Dreyer's ice cream in assorted varieties. Edys will be substituted in some areas.

2 for $6
Sale | Hostess snack cakes Assorted varieties.

5 for $5
Water 20-oz. Vitaminwater or Dasani Plus in assorted flavors.
• 24-pk. .5-liter bottles of Dasani water, 4.99

3.49
5-pk. Market Pantry® nutrition bars
• Single Market Pantry nutrition bars available.

5.59
Feminine care 32-ct. Stayfree Overnight maxis.
• Other Stayfree and Carefree products available.

$14 **Sale | Viva 10-pk. big-roll paper towels equals 14 regular rolls.**

$13 **Each | Bath tissue** Scott 20-pk. 1,000-ct., or Cottonelle 24-pk. double roll equals 48 regular rolls.

3 for $4
Sale | Football season's almost here! 2008 NFL Topps trading cards or 9.5-oz. Hot Tamales big box; other selected candy, treats and sports cards.

3.99
Temporary Price Cut Arrowhead 24-pk. .5-liter spring water.
• 12-pk. 8-oz. Arrowhead water, **sale 3 for $4**

10% off
Selected stop-smoking products 100+20-ct. 4-mg Nicorette cinnamon gum or 72+24-ct. 4-mg Commit mint lozenges shown. Bonus quantities limited; no rain checks.

6.99
Sale | 100-ct. Advil ibuprofen tablets
• 10% off other selected Advil products.

3 for $8

Cereal 17-oz. Cascadian Farm Oats and Honey Granola or 16-oz. Post Selects Great Grains selected others.

9.39
Sale | Kibbles 'n Bits 16-lb. Wholesome Medley dog food.
• 10% off other selected dog food.

6.99 **Sale | Pet Essentials®** 20-lb. dog food.
• 10% off other selected food, litter, treats and rawhide.

$10 **Sale | Arm & Hammer** 28-lb. Multi-Cat cat litter.
• 50-ct. puppy pads, 10.99

10 for $5.50

Yoplait yogurt 6-oz. cups in Original or Light; selected others.

5.99
Special Purchase | Clorox 2-pk. 70-ct. disinfecting wipes.
• 12+1-oz. Lysol disinfecting spray, **Special Purchase $4** Back-To-School Dept. Quantities limited; no rain checks.

10% off
Gummy vitamins 60-ct. Flintstones Sour Gummies and other selected kids' vitamins.

2.99
Each | Toothpaste Selected 4.6- or 6-oz. Crest, or 4.6- or 6-oz. Colgate.

2 for $7
Soap Axe 12-oz. shower gel; Caress 15- or 18-oz. body wash or 4-pk. bar soap.

$10
Sale, each | Liquid laundry detergent 96-load All® or Tide selected 48- to 64-load; 40-load Total Care.
• 63- or 80-load Tide powder, **sale $12**

$5
Each | Downy fabric softener 48- to 60-load liquid; 48-load Total Care liquid; 105-ct. Simple Pleasures sheets.

4 for $5
Facial tissue Kleenex 112- to 200-ct. box or 80- to 90-ct. upright; Puffs 108-ct. box and all uprights.

2.99
Each | Shampoo 12-oz. Herbal Essences or 32-oz. TRESemmé; selected others.
• 10% off other selected Herbal Essences and TRESemmé products.

Health/Beauty
Cosmetics
A14
3.41
A12
Expect More.
Pay Less.
2.69
Salon Hair Care
Hair Styling Aids
2.99
1.09
1.09

3.99
EXIT

Expect More.
Pay Less.
3.99

Expect More.
Pay Less.
4.80
plush
plush
plush
plush
plush
plush

Your shopping list for less.

We compare prices on thousands of items so shop on and know you're saving.

expect more. pay less.

Sale
$7
Boys' 4-18 graphic T-shirt
by Mossimo Supply Co.
Sizes XS-XL.

Sale
$7
Each
Kids' tops by Cherokee.
Boys' 4-18 rugby polo or long-sleeve woven shirt. Girls' 4-16 short-sleeve blouse.
• Girls' 4-16 vest, sale $10
All sizes XS-XL.

Sale
$7
Each
Girls' 4-16 Henley or tank
by Mossimo Supply Co.
Sizes XS-XL.

boot cut
boot cut
straight

Sale
$10
Each
Kids' 4-16 bottoms
by Cherokee.
• Boys' plaid shorts or denim.
Cotton denim also in husky and slim sizes.
• Girls' wide-leg denim or plaid scooter.
Pants also in twill. Denim and twill are 100% cotton. Scooter sizes XS-XL.

skinny
flared
boot cut

Sale
$12
Boys' 4-16 premium denim
by Mossimo Supply Co. Available in 2 styles. 100% cotton. Colors vary by store.

Sale
$12
Girls' 4-16 premium denim
by Mossimo Supply Co. Available in 3 styles and a variety of washes, each with adjustable waist. Cotton/spandex. Colors vary by store.

school-day deals

get a jump start on new styles for fall

expect more. pay less.

Sale
8.99

Virgin Mobile Marbl super-thin pay-as-you-go phone with rates as low as 5 cents per minute.
Not available in all stores. Limit 2 per guest. Quantity limited; no rain checks.

Sale
$17 Each
Video games Titles shown.

Sale
8.49 Each
Memorex 30-pk. printable CD-R, or Dane-Elec 1GB USB drive USB drive comes with your choice of 5 music downloads or 7 games, or dictionary and encyclopedia, included free.
Colors may vary by store.
• Other selected blank media also on sale.

Sale
$189
Audiovox 9" double-feature car DVD system Built-in DVD player plays 2 movies at once, or the same movie on both screens.
No. PVS72901

Screens are measured diagonally, shown with simulated picture.

Our lowest prices ever!

Sale
94.99
Kodak C813 EasyShare digital camera with 8 megapixels, 3x optical zoom and 2.4" indoor/outdoor LCD screen.
• Kodak 4GB SDHC card, sale 24.99

Sale
29.99 Each
GE DECT 6.0 cordless phone with free GOOG-411 one-touch directory assistance. In 3 colors.
Nos. 28213-DE1,-CE1,-BE1

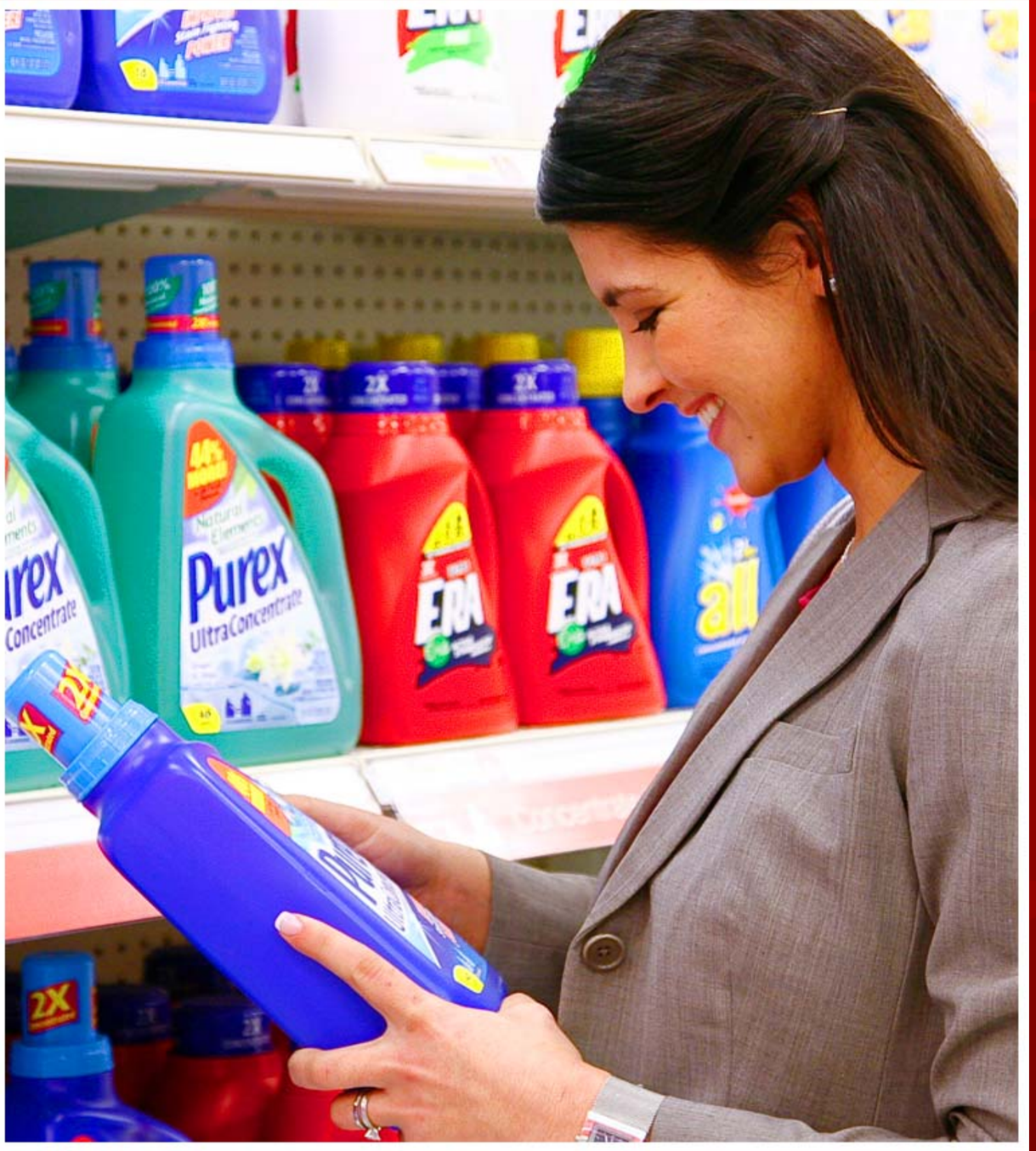
INTERFERENCE FREE

Sale
94.99
Memorex 8.4" portable DVD player with multi angle, zoom function, anti-shock protection, parental lock and wireless remote. In 3 colors. No. MVDP1085

Sale
141.49
Apple 4GB iPod nano bundle includes free $15 iTunes gift card nano plays video and holds up to 1,000 songs. Actual capacity may vary. Items are packaged together. Back-To-School Dept. Quantity limited; no rain checks.

Bounty
Sale

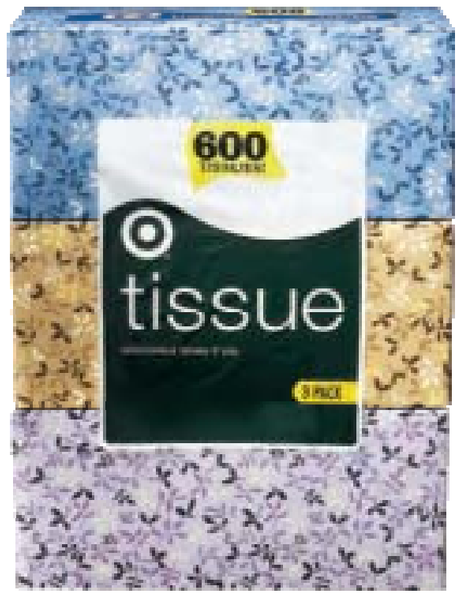
Tropicana
Tropicana
Tropicana
Tropicana
Tropicana
Tropicana
IAMS
Small & Toy


Purex
Ultra Concentrate
Purex
Concentrate
ERA
ERA
all
2X
2X

premium
paper towels
8 ROLLS

ibuprofen
tablets USP, 200 mg
Pain reliever/
Fever reducer (NSAID)
TABLETS
100 (BROWN) TABLETS

disinfecting wipes
Cleans, disinfects and deodorizes
Alcohol-free Bleach-free
Limited disinfectant
NET CONTENTS:
75 PRE-MEASURED WIPES
7 IN X 8 IN (17.7cm x 20.3cm)


600
tissue

COMPARE TO ZIPLOC®
resealable sandwich bags
50 BAGS 6 5/8 IN X 5 7/8 IN (16.8 cm x 14.9 cm)
50 BAGS

milk-based powder
infant formula
with iron

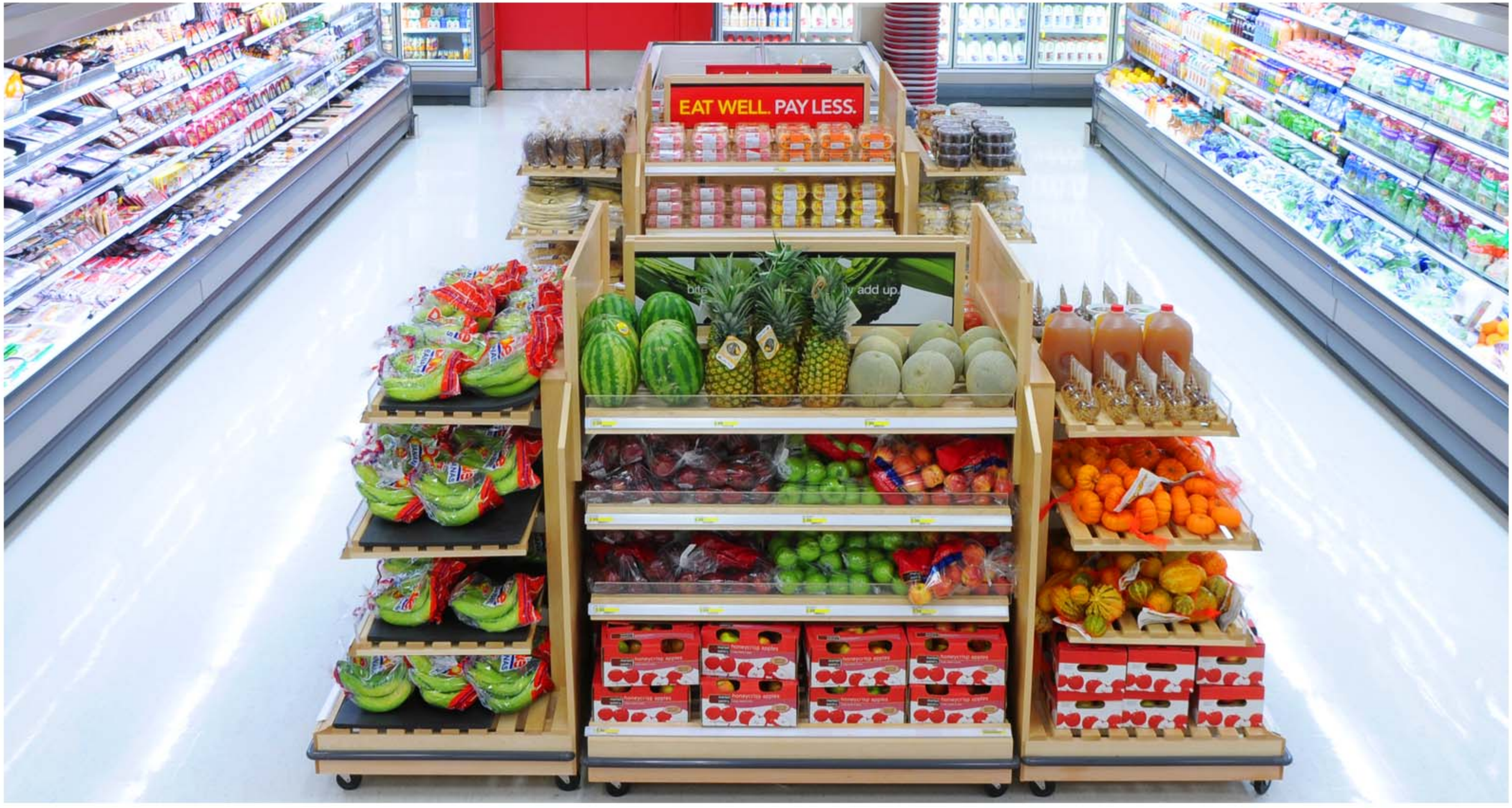
Compare to active ingredient in Claritin®
allergy relief medication
loratadine 10 mg / antihistamine
Original Prescription Strength
24-Hour Allergy
TABLETS

jumbo
baby diapers
Stretchable grip tabs
Ultra absorbent to prevent leakage
40 DIAPERS/PAÑALES
3 (16-28 lbs)

premium
paper towels
8 ROLLS

FOOD GUEST

- Spends 8% more every trip
- Spends 4x more every year than non-food guest


EAT WELL. PAY LESS.

ARCHER FARMS™
TASTY FOOD TASTY PRICE
Satisfaction Guaranteed
PREMIUM FOOD PRODUCTS

VALUE & QUALITY GUARANTEED
market pantry™

FOOD SALES

2001 → 1%

2008 → 20%

ARCHER FARMS™

TASTY FOOD TASTY PRICE

Satisfaction Guaranteed

PREMIUM FOOD PRODUCTS

VALUE & GUARANTEED QUALITY

market pantry™

[S] = Look for this symbol and find matching coupons in back.

Smart Start Healthy Heart Cereal [S]
Start smart

HEALTHY TIP

Make a New Year's fitness resolution and keep it. Start slowly, and gradually increase your workout time until you're getting at least 30 minutes of exercise, five days a week.

Fiber One Bars [S]
Get your fiber here

Campbell's Healthy Request Soups [S]
Mmm good nutrition

Tropicana Pure Premium Orange Juice [S]
Good morning sunshine

Ensure [S]
Right carbs, right now

longlive**the washboard**

Advil

Zone Perfect Bars

Gaiam Balance Ball Kit

Long live the things that make our lives more full of life. And a place where you can find them. We have aisles of choices to help your family feel good and be well. From food that's better for you to health and beauty aids to prescriptions to sporting goods, Target is where a happy body leads to a happy spirit. longlive**happy**℠

EXPECT MORE. PAY LESS.®

long live tlc
BAND-AID
Hello Kitty
NEOSPORIN
BAND-AID
BAND-AID
Moon Shoes
Band-Aid Brand
Neosporin Antibiotic Ointment
Sugar-free Popsicles
Long live the things that make our lives more full of life. And a place where you can find them. We have aisles of choices to help your family feel good and be well. From food that's better for you to health and beauty aids to prescriptions to sporting goods, Target is where a happy body leads to a happy spirit. long live happy℠
EXPECT MORE. PAY LESS.®
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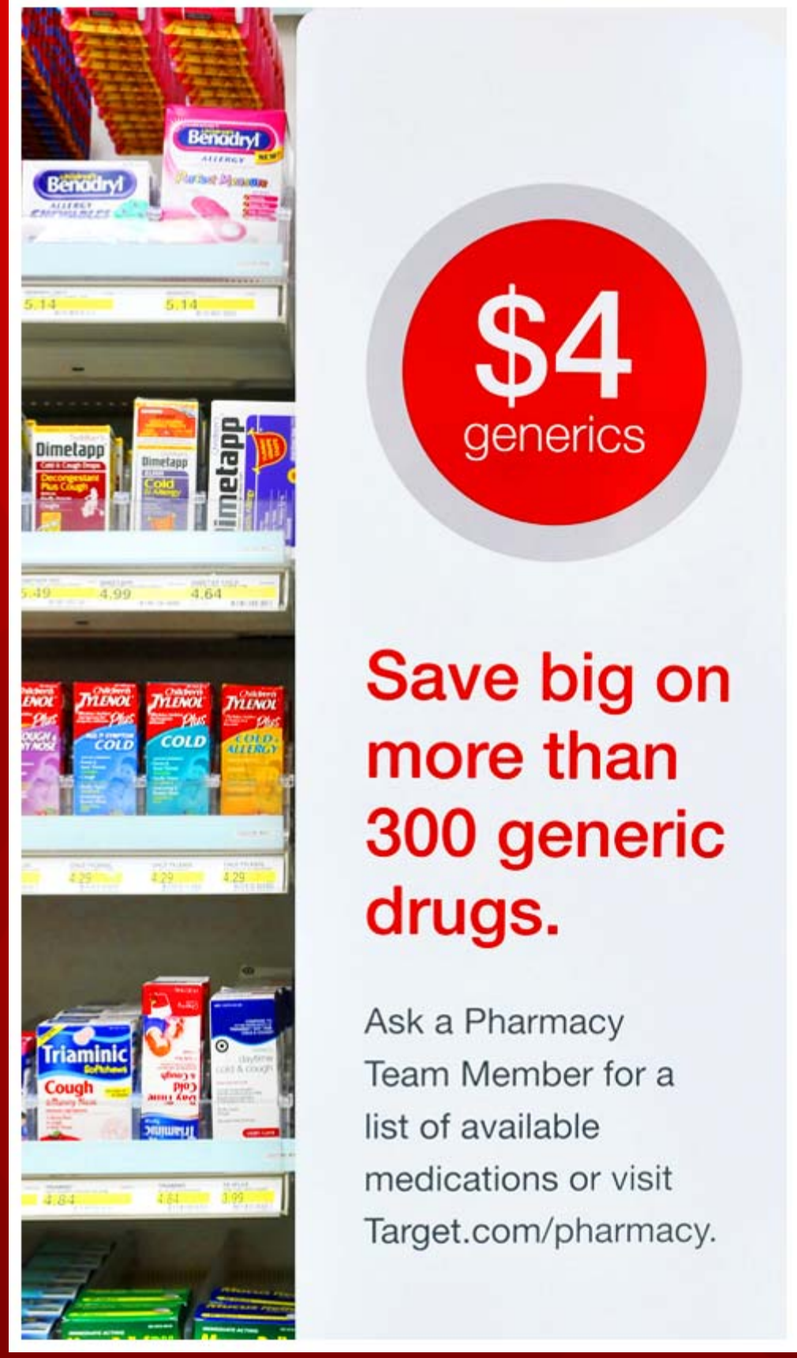
Target A Guest
AMOXICILLIN 500MG
Capsule
Generic for: Amoxil
Take one capsule by mouth three times daily for 10 days
qty: 30
refills: No
Dr. C Wilson
disp: 01/13/08 TST
mfr:
NDC: 00781-2613-05
(877)798-2743
Rx 6666056-1375
TARGET PHARMACY
900 Nicollet Mall
Minneapolis, MN 55403


$4
generics
Save big on more than 300 generic drugs.
Ask a Pharmacy Team Member for a list of available medications or visit Target.com/pharmacy.

Simply Healthy Living
Prescription
Drop off
7x COMPANY RATE

5x MORE

EACH YEAR

LAST YEAR

- Increased enrollees by 70%
- Shopped 5 times more
- Spent additional $90M across the store
- Expect to increase enrollment by 50% in 2008

LONG-TERM STRATEGIES

- Key strategic vendors
- Clearance Price Management
- Local markets
- Owned brands
- Raw materials
- Low-volume store segmentation

MARKET SHARE GROWTH

30 BASIS POINTS

70+ BASIS POINTS

75+ BASIS POINTS

certified Organic
USDA ORGANIC
3.99
B30-T3

What will they dream up next?
What will they dream up next?
Bounty

EXPECT MORE. PAY LESS.®