



2009 Corporate Responsibility Report



In the following pages, we provide an in-depth look at:

3 Our social responsibility initiatives, including:

- Community giving—financial and product contributions, plus volunteer hours.
- Our commitment to creating a satisfying work environment by building a diverse team, providing pay and benefits that align with or exceed the external market, and engaging in civic activities that advocate our team’s interests.
- Ensuring that our vendors comply with ethical and product safety standards.

25 Our environmental responsibility initiatives, including:

- Working together to lessen our environmental impact.
- Reducing our carbon footprint.
- Maximizing the life-cycle of materials used in our facilities, our operations and our merchandise.
- Managing our facilities and natural resources.

41 Our economic responsibility initiatives, including:

- Our commitment to strong corporate governance.
- Our guidelines for appropriate business conduct.
- Our efforts to build shareholder value.





At Target, we are constantly striving to improve every aspect of our business – whether it’s the merchandise we offer guests, the technology solutions we provide our team members or the approach we take to evolving our store design. And, this focus on continuous improvement also extends to our dedication to corporate responsibility, which began more than six decades ago when our company founders established an unwavering commitment to ethical business practices and generous community support. Their passion became more than tradition; it became the foundation for how we conduct our business every day.

Today, that foundation is evident in the \$3 million we donate each week to strengthen the communities where our guests and team members live and work, in the hundreds of thousands of volunteer hours our team members devote annually to worthwhile projects, causes and nonprofit organizations, in our respect for the global environment and the decisions we make that help people live more eco-friendly lives, and in the value we place on maintaining strong corporate governance.

This 2009 report serves as an overview of our corporate responsibility efforts during the past year and a guide to our key areas of focus in the future. While we recognize that we have additional opportunities to drive our social, environmental and

economic results, we are pleased with the progress we’ve made in managing carbon emissions, promoting the use of reusable shopping bags and expanding our School Library Makeovers volunteer program. In addition, we are proud to have been named, for the third consecutive year, one of the world’s most ethical companies in 2008. Looking ahead, we remain committed to pursuing new initiatives that improve our communities, enhance our environment and strengthen our governance practices and transparency. As we do, we welcome your ideas and promise to keep you informed of our efforts.

Sincerely,

Gregg Steinhafel
Chairman, President and CEO

Social Responsibility.

Our company founder's son, George Nelson Dayton, established a standard of giving in 1946 that remains our model of giving at Target today—contributing 5 percent of our income to programs that serve our communities. Today, this long-standing tradition means that more than \$3 million every week goes to support education, the arts, social services and volunteerism.





Our financial support is just the beginning. Team members and retirees across the country regularly offer hands-on help to local nonprofit organizations, volunteering hundreds of thousands of hours of their time and talent to community projects. This philosophy of giving and helping is embraced at every level of our organization and in local communities large and small. It's in our DNA.

Our commitment to the community supports our business in many ways. It strengthens our brand and reputation, helps our guests view Target positively, and inspires our team members who want to work for a socially responsible company. We hope our leadership encourages others to support the community as well.

Given the diversity of our communities, we're committed to hiring and developing a diverse group of team members in all our locations, and to offering a selection of products in our stores that appeal to our guests' wide-ranging tastes, cultures and lifestyles. Fostering an inclusive culture has long been one of our strengths, and will continue to be an important part of our business strategy as we expand into new markets.

We want Target to be an employer of choice for talented, high-potential team members, so we offer a variety of pay and benefit plans and programs for different stages of life, as well as tools and resources to help team members manage their physical, emotional and financial well-being. Our compensation is governed by a clear pay-for-performance philosophy that differentiates us from our competitors; because Target leaders have a direct impact on our financial results, they are rewarded both for their personal performance and the company's financial performance. To make wellness and preventive care available and affordable to all team members, we have built a comprehensive health and wellness program.

Finally, we take seriously our responsibility to ensure that no matter where vendors are located, those who manufacture products that carry the Target brand treat workers fairly and comply with our high ethical and product safety standards, which in many cases exceed standards set by governing agencies in the United States and overseas.

Community Giving

Strengthening families and communities through innovative programs and partnerships has always been part of the Target philosophy. We continue the tradition set by our company founders of contributing 5 percent of our income to the community—far outpacing the national corporate average of less than 1 percent—and we're proud to be one of very few companies to sustain such a high level of giving. Today, we give more than \$3 million every week to programs in three primary areas: education, the arts and social services.

Education: Building a Love of Lifelong Learning

Our guests—many of whom are families with young children—tell us that education is one of their biggest priorities. We've created innovative education programs that reach children from birth through high school.

Tools for Teachers

Target helps give educators the tools they need to enrich the classroom experience and inspire students to embrace learning.

Take Charge of Education® (TCOE) takes the longtime Target tradition of giving into the heart of our communities: our schools. Since 1997, we've donated more than \$260 million to schools nationwide through this innovative program, benefiting

approximately 75 percent of the eligible K–12 schools in the country. Target cardholders are able to designate an eligible K–12 school of their choice. We donate 1 percent of their Target® Visa® Credit Card, Target Check Card® or Target Credit Card® purchases made at Target and Target.com, and 1/2 percent of Target Visa Credit Card purchases made anywhere else, to guests' designated schools, which receive payout checks in March and September each year.

TCOE funds are unrestricted, so schools can use the money for their greatest needs, from textbooks to computer equipment to athletic uniforms. Unrestricted funds are the hardest for a school to raise and every school's needs are unique, so it's important to us that we give schools total flexibility in allocating these funds. The top three uses of TCOE funds include student rewards and incentives (17 percent), classroom supplies and equipment (16 percent), and field trips (9 percent).

Since its inception, more than 5.4 million Target REDcard holders and more than 114,000 schools have participated in TCOE, available to any K–12 public, private or charter school with a 501(c)(3) or 509(a)(1) tax-exempt status. To learn how much a specific school has received in donations, visit Target.com/tcoe or call 800-316-6142.

Kids in Need/Teacher Resource Centers solicit school supplies and distribute them for free to teachers for use by children most in need. When the Minneapolis center opened in 1999, we became one of the first sponsors. Today, we are the national presenting sponsor of all 24 centers across the country.

Early Childhood Reading

Studies show that children who haven't learned to read by age nine may never catch up. Our national reading programs and local reading grants provide the resources, tools and inspiration kids need to develop a lifelong love of reading.

Ready.Sit.Read!® helps raise parents' awareness of the importance of reading to kids with resources like reading tips and in-store book recommendations.

Book Festivals sponsored by Target in cities across the country get kids and their families excited about reading through fun activities, live entertainment and the chance to meet their favorite authors and illustrators.

Target stores award **local reading grants** to schools, libraries and nonprofit organizations that offer programs designed to promote a love of reading and to encourage families to read together. These grants focus on programs for kids from birth through third grade; you can find more information at Target.com/grants.



School Library Makeovers

In 2008, Target introduced a new signature volunteer program called School Library Makeovers, which provides team members nationwide the opportunity to help schools in their local community through a partnership with The Heart of America Foundation—School Library Makeovers project. The School Library Makeovers program continues to expand, providing volunteer opportunities from donating books and volunteering at local school libraries to complete library makeovers utilizing the design, construction and project management expertise of the Target Property Development team. In 2009, every Target store and distribution center received a \$500 Book Award to present to a local school in their community.

Target Field Trip Grants

Because so much of learning takes place outside the classroom, Target Field Trip Grants take students into the real world to enhance their studies in math, science, art and social studies. Launched in 2006, the program was enthusiastically embraced by teachers. This year, Target awarded 5,000 field trips, equaling \$4 million in funds, which equates to one in every 25 K-12 schools in the U.S. More than 437,000 students are taking field trips thanks to the grants.

"Thank you for this opportunity to offer our students a chance to experience a first rate museum and aquarium and to broaden their knowledge base. I hope the Target Field Trip Grant Program really understands how much of a difference a field trip grant can make to a child's learning experience, and how much staff, students and parents appreciate their contribution to education."

—Cheryl Monsef, Garfield Elementary, Cedar Rapids, Iowa



United Through Reading

United Through Reading keeps military families connected. Deployed military parents are recorded reading to their children on DVD; then the DVD is mailed to their families back home. Our support has helped the program expand to all branches of the military. In 2007–2008, we distributed 750 starter kits to make it easy for our troops to participate in the program. Army participation has increased 127 percent, Marine Corps 110 percent and Navy 53 percent. Thus far, more than 100,000 military personnel and their families are served by the program.

Grants and Scholarships

In addition to the millions we donate to K–12 schools each year, Target supports nonprofits dedicated to providing grants and scholarships for higher education, including:

The United Negro College Fund, the nation's most successful education assistance organization for African Americans. In addition to providing scholarships, we support programs that raise operating funds for colleges and universities and give students and faculty better access to technology.

The Hispanic Scholarship Fund, the largest Hispanic scholarship-awarding organization in the country. We offer financial assistance through scholarships to many deserving students.

Target Store Grants support local communities. This year, each of our approximately 1,700 stores were empowered to fund arts, early childhood reading and social services programs. These grants support local projects like cultural festivals that bring families and communities together, story time for preschool children and shelters for victims of domestic violence. Grant applications are accepted at Target.com/grants from March 1 through May 31. Store grants are supplemented by the volunteer support of Target team members nationwide.

International Giving

Although Target doesn't have stores outside the United States, we're truly a global company. Target Sourcing Services—with team members and vendors in approximately 20 countries—helps us bring our guests high-quality products for a great value by sourcing merchandise from all over the world.

Target India—our 2,000-team member headquarters extension in Bangalore, India—helps us meet our growing need for a talented team and allows for greater efficiency across all business areas. With team members and vendors located worldwide, we are committed to helping communities abroad as well.

Since 2003, the Target International Giving Program has helped children, families and communities in need in countries including China, India and Guatemala. In 2008, the program awarded more than 75 grants to Non-Governmental Organizations (NGOs) in 18 countries where our team members and vendors live and work.

We support NGOs in their work to provide quality, accessible educational opportunities for children and youth. For example, Target grants enable children in Indonesia to attend school so they can improve literacy skills. And children from China to Mexico to India can expand their knowledge in libraries and classrooms made possible by our grants.

Target team members around the world also participate in volunteer projects and deliver educational supplies to organizations in need. In 2008, our overseas team members volunteered more than 5,000 hours, including reading to children at a library in Shanghai, China, participating in developmental activities for children with Down syndrome in Guatemala, and creating an opportunity for fun and relaxation for underprivileged children in New Delhi.

Arts: Accessibility for Everyone

The arts have the power to bring communities together and help us see the world from different perspectives. We're committed to making arts and cultural experiences more affordable and accessible for families and children.

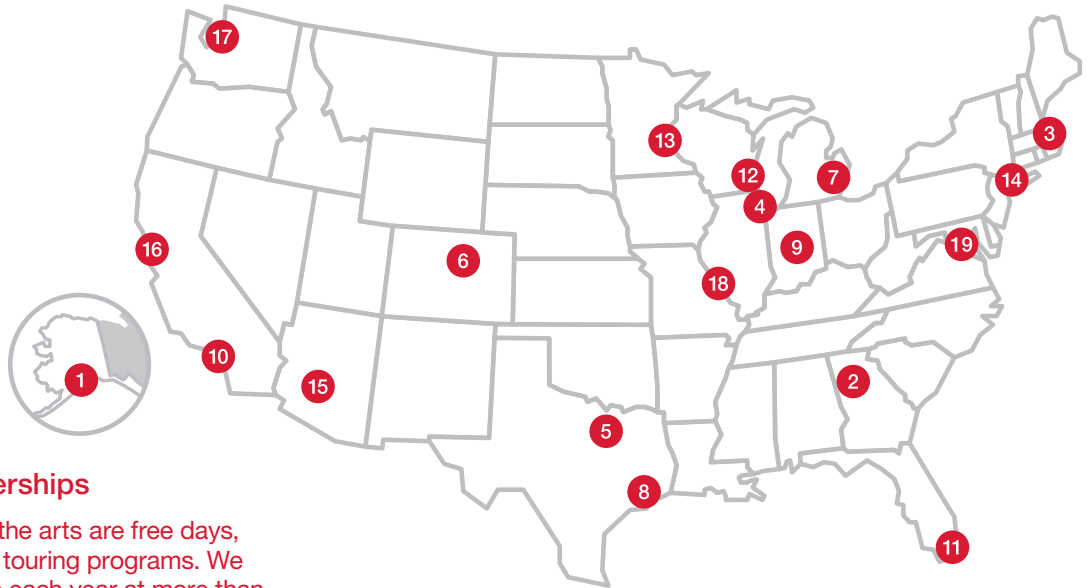
The Sphinx Organization fosters diversity in classical music by increasing African-American and Latino students' participation. Target's sponsorship of the Sphinx Musical Encounters brings classical music into schools across the country through workshops by the Sphinx Laureates, young classical musicians of color who love to share their art with kids.

Each of our stores keeps the arts accessible by making grants to local schools and nonprofit arts organizations. Funded programs include cultural festivals, outdoor concerts and artist-in-residence programs. Log on to Target.com/grants for more information.

Democracy of Design

Great design at affordable price points is a hallmark of the Target brand. We invest in tomorrow's designers by contributing to design schools all over the country and by sponsoring institutions like the Target National Design Education Center at the Cooper-Hewitt National Design Museum in New York City. We also support programs that fuse our enthusiasm for design with our focus on education. For example, "Great Schools by Design," a partnership with the American Architectural Foundation, challenged students to improve the quality of America's schools through design.





Museum and Theater Partnerships

At the heart of Target's support of the arts are free days, reduced-admission programs and touring programs. We sponsor more than 2,100 free days each year at more than 120 museums and theaters across the country, including:

1 Anchorage

- Native Heritage Center: Target Free Family Days

2 Atlanta

- The High Museum: Target Free Family Fun Days
- The Children's Museum of Atlanta: Target Free Second Tuesdays

3 Boston

- Institute of Contemporary Art: Target Free Thursday Nights
- Boston Children's Museum: Target \$1 Fridays

4 Chicago

- The Art Institute of Chicago: Target Free Evenings 2009
- Chicago Children's Museum: Target Free First Mondays
- The Field Museum: Target Free Second Mondays
- National Museum of Mexican Art: Target Free Admission

5 Dallas

- Nasher Sculpture Center: Target First Saturdays
- Latino Cultural Center: Target Free Kids Saturdays

6 Denver

- Colorado Symphony Orchestra: Target Free Summer Concerts
- Denver Children's Museum: Target Free First Tuesdays

7 Detroit/Flint

- Flint Institute of Arts: Target Free Saturdays
- Detroit Symphony Orchestra: Target Harmony in the Metroparks
- The Henry Ford Museum: Target Free Family Days
- Charles H. Wright Museum: Target Free First Sundays

8 Houston

- Houston International Festival: Target Kids for Free
- Houston Grand Opera: Target Free Opera on the Go

9 Indianapolis

- Children's Museum of Indianapolis: Target Free MLK Day

10 Los Angeles

- California African American Museum (CAAM): Target Free Sundays
- Museum of Latin American Art (Molaa): Target Free Sundays
- Los Angeles County Museum of Art (LACMA): Target Free Holiday Mondays
- Japanese American National Museum: Target Free Family Saturdays

11 Miami

- Miami Children's Museum: Target Free Third Fridays
- Miami Art Museum: Target MAM in the Neighborhood Free Admission

12 Milwaukee

- Milwaukee Art Museum: Target Family Sundays

13 Minneapolis / St. Paul

- Minneapolis Institute of Arts: Target Free Family Days
- Minnesota Children's Museum: Target Free Third Sundays
- Minnesota Orchestra: Target Free Family Concerts
- Walker Art Center: Target Free Thursday Nights

14 New York City

- Brooklyn Museum: Target Free First Saturdays
- Museum of Modern Art: Target Free Friday Nights
- Children's Museum of Manhattan: Target Free First Fridays
- Studio Museum of Harlem: Target Free Sundays

15 Phoenix / Mesa:

- Arizona Museum for Youth: Target Free First Sunday
- Arizona Museum of Natural History: Target Free First Sunday
- Mesa Contemporary Arts Center: Target Free First Sunday

16 San Francisco

- Asian Art Museum: Target Free First Sundays
- Museum of Modern Art: Target Free Family Day
- California Symphony: Target Free Outdoor Concert

17 Seattle

- Seattle Children's Theatre: Target Family Matinee Series
- Wing Luke Asian Museum: Target Free Third Saturdays
- Portland Children's Museum: Target Free First Fridays

18 St. Louis

- Magic House: Free Family Nights

19 Washington, D.C.

- John F. Kennedy Center for the Performing Arts Millennium Stage: Target Free Days
- Shakespeare Theatre: Target Free for All Festival Days
- Capitol Jazz Program: Target Free Days

Social Services: Partnerships that Work

When the communities where our stores are located are safer places to live and work, everybody wins. That's why we're always working to build stronger, safer communities through disaster preparedness, relief and recovery efforts and partnerships with local and national law enforcement and criminal-justice agencies.

Disaster Preparedness, Relief and Recovery

We know tragedy can strike a community at any time. Because we want to keep our team members and guests safe, we have a long-standing commitment to supporting disaster preparedness, relief and recovery efforts.

So help is always at the ready: We donate supplies, volunteer hours, funding and expertise throughout the year to our partners at the American Red Cross, Feeding America (formerly known as America's Second Harvest), The Salvation Army and the National Center for Missing and Exploited

Children. We constantly refine our business processes so we're prepared to keep our team members safe and secure, return to business as usual after any disaster, and support our guests and communities without disruption.

We also strive to build a culture of preparedness among our team members so they can recover quickly from a crisis at home or in the community. Every September, we promote National Preparedness Month with educational materials for our team members and guests.

Law Enforcement Partnerships

We strive to make Target stores safe places to work and shop, where both team members and guests feel comfortable. We work closely with law enforcement agencies to prevent, deter and detect crime, create safe environments and share resources, expertise and information.

We created the **Target & BLUE®** program to share technology, expertise and resources with law enforcement in many different ways:

- The **Safe City** community partnership brings businesses, residents, city government and law enforcement together to reduce crime. Technology plays an important role, but so does good old-fashioned conversation among people who share a common goal of safer communities.
- Our **Forensic Services** team is a trusted resource for police departments, regularly sharing our expertise in analyzing audio, video and fingerprints.
- **Law Enforcement Grants** to more than 300 agencies each year help fund equipment, training and programs that enhance community safety. Grants are used in many ways—from purchasing bicycle patrol equipment and child identification kits to supporting crime prevention training.
- Target sponsors such law enforcement associations as the International Association of Chiefs of Police, which provides education and support to local community protectors, and the Police Executive Research Forum, a think tank offering innovative policing strategies intended to create safer communities.
- We're a charter member of the **Customs-Trade Partnership Against Terrorism (C-TPAT)**, working with the U.S. Department of Homeland Security and U.S. Customs and Border Protection to improve security practices and reduce risks in the supply chain.
- For the last five years, Target has sponsored National Night Out (NNO), a community crime-prevention event created by the National Association of Town Watch. More than 37 million people in more than 15,000 communities participate every year in NNO.

In September 2008, when hurricanes Gustav and Ike ravaged parts of Texas and Louisiana, we were prepared to help communities in need: We donated more than \$1 million in relief including financial and product donations, offered volunteer support, ensured our team members, stores and parking lots were safe, and provided the use of our parking lots as safe havens for local residents.





Thanking Those Who Help Keep Us Safe

For many years, Target has been proud to donate funds and volunteer hours to local and national veterans' and military organizations. We help distribute care packages to our troops stationed overseas through Operation Gratitude; fund the World War II Memorial in Washington, D.C.; keep military families connected via the United Through Reading program; provide grants for children of deployed parents through Our Military Kids; and provide support for VFW's Voice of Democracy program, a scholarship competition that invites students to write and record a patriotic-themed broadcast script. In 2009, Target was recognized as one of the first Minnesota Yellow Ribbon Corporations for our work to support military service members and their families.

Since 2002, a malicious e-mail campaign misrepresented our support of U.S. soldiers and veterans—and because of the nature of online communication, the original false e-mail has been repeatedly modified and perpetuated by unknown writers. Here are the facts: We are, indeed, a publicly held American company, based in Minneapolis since 1902, when we were founded by entrepreneur George

Dayton. We've never been a foreign-owned company. We've supported many charitable causes over the last 107 years. And we're proud to support the American troops and veterans, who have given much to help keep us all safe.

In fact, the Veterans of Foreign Wars (VFW) posted information on its Web site warning members not to give this rumor any credence; visit www.vfw.org/news/target.htm for more.

The truth is, we're proud to count many veterans and military reservists among our more than 350,000 team members. To thank them for their service, we provide activated reservists with benefits (including pay differential) that surpass the benefits required by law. 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. In compliance with federal law, Target Corporation allows any Target team member to continue benefits as provided by the 1986 Consolidated Omnibus Budget Reconciliation Act (COBRA).

A Home Away from Home

St. Jude Children's Research Hospital in Memphis, Tenn., is one of the world's premier centers for research and treatment of life-threatening diseases in children. Target's support of St. Jude includes Target House®, a free home away from home serving more than 520 families of patients who require at least 90 days of treatment at St. Jude Children's Research Hospital. Target House opened in 1999 with 50 fully furnished two-bedroom apartment suites and expanded in 2002 to add 46 more. The Target House family living quarters include a fully stocked kitchen and private living spaces, as well various community rooms and 24-hour transportation to St. Jude.

2009 marks the sixth year that Target has been a major contributor and sponsor of the St. Jude Thanks and Giving campaign, which asks consumers to "Give thanks for the healthy kids in your life, and give to those who are not." Funds raised by the campaign support the life-saving mission of St. Jude to find cures for desperately ill children in communities everywhere. In addition, Target has facilitated additional donations from our vendors and celebrity partners like Tiger Woods and Scott Hamilton, and our celebrity friends and team members volunteer at Target House throughout the year. 2009 marks the 10-year anniversary of Target House.

Target Foundation

The Target Foundation focuses on the Minneapolis/St. Paul metropolitan area, where our corporate headquarters are located. We partner with social service organizations that provide people at risk with food, clothing and shelter through programs like emergency, transitional and permanent supportive housing, youth shelters, food shelves, hot-meal programs and clothing distribution. We also support arts and cultural organizations to help make their programs accessible to the community.

Target Volunteers: Making Time to Give Time

At Target, being involved in the community means much more than giving \$3 million every week to local and national nonprofit organizations. It means that our team members volunteer their time to bring our programs to life in their local communities—from mentoring and reading to students to providing pro bono services to helping with disaster relief efforts.



Team members also participate in our Target Volunteers program. We support projects like Operation United Way, which links team members with United Way-funded agencies for a day of service.

In addition to the time team members give on their own, pro bono service provides an avenue for Target to demonstrate our leadership in innovative philanthropy. Our pro bono projects have ranged from leveraging the size, expertise and spirit of our workforce to transform school libraries across America to supporting law enforcement agencies through our know-how in forensic services.

This year we were the national sponsor of National Volunteer Week, and we created a campaign that appeared in our stores and in national publications to recognize and thank volunteers, and to encourage people to get involved in their communities by calling 1-800-Volunteer or by visiting www.1-800-Volunteer.org on the Web.



Our Commitment to Our Team

We bring the Target brand to life thanks to our incredible team of more than 350,000 people. To attract and retain the best team in retail, we're committed to providing a wide range of training and development opportunities, a diverse and exciting workplace, and pay and benefits that are aligned with the external market.

Diversity: Celebrating Individuality for a Stronger Whole

When we talk about diversity within Target, we define it as individuality. This individuality includes a wide spectrum of attributes such as personal style, age, race, gender, ethnicity, sexual orientation, language, physical ability, religion, family, citizenship status, socioeconomic circumstances, education and life experiences. To us, diversity is any attribute that makes an individual unique and does not interfere with effective job performance.

Our ability to recruit and hire people from diverse backgrounds, thus creating a team with a rich variety of strengths, perspectives and lifestyles, is a key factor in our company performance. We know our guests better, and can give them a better shopping experience, when our team members reflect the diversity of our communities.

From the sales floor to the highest levels of the corporation—including the Target board of directors—gender and ethnic diversity play a critical role in our business philosophy. In fact, our management is required to report annually to the board on its progress in achieving workforce diversity. (For more on the composition of our board, see our proxy statement or visit Target.com/investors.)

We refuse to tolerate workplace discrimination based on race, color, religion, gender, age, national origin, physical ability, sexual orientation or other characteristics protected by law, and if team members have any concerns, they know they can call our toll-free company hotline at any time. Not only do we prohibit such discrimination, we try to create an environment in which everyone recognizes the value of diversity, and in which our inclusive culture enhances all team members' opportunity for success, regardless of their differences.

Some of the diversity initiatives that help us reach those goals include:

- **Hiring team members** for our approximately 1,700 retail locations so that our stores reflect their diverse communities. We recognize that our team members represent the diversity of our guests, so we hire locally, using in-store employment kiosks to encourage our guests to become team members.
- **Recruiting team members** at diversity job fairs such as those held by the National Black MBA, Management Leadership for Tomorrow, National Society of Hispanic MBAs (Target is the lead corporate sponsor of the 2009 conference and career expo.), and the Consortium for Graduate Study in Management. We also place recruitment ads in minority-owned media outlets; post jobs on diversity-focused Web sites; attend national meetings of minority organizations; create recruitment materials that emphasize our commitment to diversity; hire store, distribution center and headquarters interns from the Hispanic Scholarship Fund, Thurgood Marshall and INROADS programs for talented minority youth; and make it a priority within our internal Executive-in-Training program to staff positions with the most talented candidates, from a wide range of diverse backgrounds.
- **Participating in community-based training** by seeking partnerships with agencies, school programs and government incentive programs that help us hire qualified people with disabilities. Some of these partnerships include the Lime organization, which is dedicated to unlocking economic potential through employment of people with disabilities and the Parent Advocacy Coalition for Educational Rights (PACER) that focuses on expanding opportunities and enhancing the quality of life of children and young adults with disabilities and their families. Through the Target Foundation, we also support the Interact Center for the Performing Arts which serves adults with disabilities.
- **Conducting internal diversity training sessions** on topics that range from managing inclusion to creating a multicultural workplace to learning how U.S. team members can work most effectively with our team members overseas.

Additionally, part of our new team member orientation is dedicated to understanding diversity in our workforce and in the marketplace.

- **Ensuring diversity** remains an integral part of our culture through three internal organizations: our **Diversity team**, dedicated to creating and implementing robust diversity strategies to drive our efforts in three key areas—representation, retention and reputation; our **Diversity Action Committee**, which provides leadership and drives accountability across the company; and our headquarters-based **Diversity Business Councils**— African-American, Asian, GLBT and Hispanic— which share feedback on business strategies and provide onboarding, networking and professional development opportunities for diverse team members.
- **Connecting with our multicultural guests** through marketing and merchandising efforts, including advertising relevant beauty products in magazines like *Essence* and *Latina*; sponsoring top rated programming to reach Latin guests including “Target Presenta Nuestra Navidad,” a musical holiday celebration on the Univision network; and ensuring that our guests’ in-store experience and our merchandise offerings are both culturally relevant and welcoming.
- **Strengthening our communities** through the Supplier Diversity initiative. Potential Target suppliers are encouraged to register their businesses online at <http://supplierregistration.target.com>. We partner actively with local networks and national organizations such as Women’s Business Enterprise National Council, the National Minority Supplier Development Council, the National Association of Minority Contractors, and the Metropolitan Economic Development Association. These partnerships facilitate the growth and development of qualified under-represented businesses.
- **Maintaining long-term partnerships** with diversity-focused organizations that include those mentioned above, plus others:
 - The Monster Diversity Leadership Program
 - The Consortium of Graduate Studies in Management
 - Reaching Out MBA
 - The National Hispanic Business Association
 - The Black Data Processing Association
 - Association of Latinos in Finance and Accounting
 - Hispanic National Bar
 - The Urban League
 - The United Negro College Fund
 - The Hispanic Scholarship Fund
 - Twin Cities Diversity in Practice

In addition, we’ve recently partnered with the Hispanic Heritage Foundation (HHF), whose programs prepare students for leadership. The HHF will help us identify talented internship and job candidates, and will give our team members an opportunity to mentor high-potential students.

Training and Leadership Development

Retaining talented team members means giving them the chance to grow, both personally and professionally: Every new team member gets a detailed plan of all technical training and leadership training (when applicable) available during his or her first 90 days. To ensure that as many team members as possible take advantage of these opportunities, we offer more than 50 training modules in Spanish, and we publish most training materials for Human Resources, Safety and key operational tasks in both English and Spanish.

Team members also have access to a wide curriculum of leadership development courses that focus on the tools and experiences needed to become an effective leader. Nomination-based leadership development programs for high-potential leaders at a variety of levels throughout the company include week-long assessments, year-long development series and shorter development programs; in addition, we facilitate team-building sessions and offer executive coaching to middle- and upper-level managers.



Dream in Color®

Our Dream in Color campaign, introduced in 2007, features cultural celebrations all year long, providing free tools for teachers authored by the Smithsonian, and showcasing Target's valued partners.

In 2009, our featured storytellers include actress Holly Robinson Peete, singer/songwriter India.Arie, curator Thelma Golden and model-agent Bethann Hardison (pictured below).





Pay & Benefits: Wellness Works

Tom Slotnick, a business process consultant in Target's Human Resources department, already knew that he wanted to improve his eating and exercise habits—but a trip to a Target Clinic for a health assessment kicked him into high gear when it showed that his cholesterol and blood pressure were both significantly above normal. Tom signed up to take part in an innovative pilot program from Target that provides team members with personalized wellness plans, one-on-one nutrition and exercise coaching, and financial incentives for meeting health goals.

Eight months later, Tom has lost more than 30 pounds and gained a completely new outlook. "I have a lot more energy," he said, "and that helps me approach everything I have to accomplish at work and at home with a much better attitude."

Giving our team members the resources they need to get and stay healthy is the cornerstone of Target's approach to our wellness programs. Our team members have access to tools and support that go far beyond what's offered by traditional corporate wellness programs, so they're more likely to succeed in defining and reaching their health goals. As a result, more and more team members are making good health a priority.

60%

of our full-time team members participate in the 401(k) plan. Among exempt team members, participation is 91 percent. At headquarters, participation is 93 percent.

Pay & Benefits: The Rewards of Hard Work

We want Target to be an employer of choice—a company where people want to work, love their jobs, are fully engaged and want to stay for the long term. Our efforts to attract and retain the best team in retail include offering comprehensive pay and benefits packages, including:

- Innovative, accessible and affordable health and wellness programs that offer preventive care, information technology, and robust tools and resources to help team members and their families maintain and improve their health while managing their health care costs.
- Programs, tools and resources to help make little changes that add up to big health rewards.
- Additional benefits including prescription drug coverage, dental, vision, life insurance, adoption assistance, long-term disability and more.
- A 401(k) plan that matches up to 5 percent of a team member's contribution dollar-for-dollar and 100 percent immediate vesting.

- A Flexible Spending Account (FSA) for health care and a Daycare FSA that can help team members save money by setting aside money from their paychecks pre-tax for qualifying expenses. This reduces their taxable income, which can help them save money.
- Time off, including paid national holidays, vacation days and personal holidays to use as they choose.
- Tuition reimbursement to help pay for job-related courses at accredited technical schools, colleges or universities.
- Discounts, including the Team Member Discount at Target and a variety of discounts on everything from fitness centers to flowers, travel to cell phones, and more.

Pay for Performance

As a pay-for-performance company, our team members have regular performance reviews and receive merit increases and promotions based on performance. To attract and retain top talent, Target annually benchmarks its offerings with other retail and Fortune 100 companies to ensure its plans and programs align with or exceed the external market.

Wealth Accumulation

We want our talented team members to have long and productive careers at Target. And when they're ready to retire, we want them to be able to fulfill their retirement dreams. That's why we provide tools and resources to help team members plan for their financial future, plus plans and programs to help team members accumulate wealth over their lifetimes. These include:

- The TGT 401(k) Plan—the most generous plan of our retail peer group—matches up to 5 percent of a team member's contribution dollar-for-dollar; contributions and the match are immediately 100 percent vested. All eligible team members who participate in the TGT 401(k) receive quarterly retirement statements, a newsletter and an annual evaluation of their 401(k) account.
- Our Web-based Financial Engines program allows team members to track their accounts and get investment advice; the program also offers a fee-based account management service, modeling capabilities and tools to help team members rebalance investments and change contribution levels.
- An online pay-and-benefits statement refreshed quarterly is available to all eligible team members; this personalized statement provides additional details and helps to reinforce the value of the team member's pay and benefits.

Health Care: Our Approach

Whether you are a guest or a team member, you can count on Target to find a better, simpler way for everything from fashion to household items to health care. Target offers innovative, accessible and affordable health and wellness programs that offer preventive care, information technology, and robust wellness tools and resources to help team members and their families maintain and improve their health while managing their health care costs. Our company-sponsored approach to health and wellness encompasses physical, emotional and financial well-being and includes health care, dental, flexible spending accounts, life and disability insurance as well as adoption assistance, an employee assistance program, a plan that covers legal services and more.

Target strives to provide health care benefits that help our team members maintain and improve their health while managing health care costs for both our team members and the company. In 2006, we introduced the option of account-based health plans as part of a long-term strategy to help team members manage health care costs both now and in the future. By offering account-based health plans, we engage our team members in a decision-making process that gives them greater ownership and control of their health care dollars. In addition we offer a traditional copayment plan and HMOs in some locations. Within our health care plan options we offer a number of levels of coverage so team members can choose the option that best meets their individual needs. Before team members enroll in health care, they are provided with information and tools that help them choose the best plan for themselves and their families. Once enrolled in a health care plan, our team members have tools to help them select quality and cost-effective doctors and hospitals. They also have 24-hour access to a NurseLine to help



determine the appropriate level of care. In addition, most team members who participate in a Target-sponsored plan have access to \$4 generic prescription drugs.

To make wellness and preventive care available and affordable to all team members, we have built a comprehensive health and wellness program. Target health care plans provide preventive care that meets or exceeds U.S. Preventive Services Task Force (USPSTF) recommendations. These services include well-baby care, immunizations, preventive labs, X-rays and cancer screenings—and offer tools and resources to help team members manage their health, which include:

- A new Target Health & Wellness Web site that provides tools such as online health coaches, a personal health record, a health risk assessment, and information from leading industry experts on a variety of health topics.
- Wellness discounts, including 50 percent reimbursement for local Weight Watchers meetings and discounts with many national fitness centers.
- *REDHealth*, an internal health and wellness magazine that provides tips and resources on fitness, nutrition, healthy mind and living well.
- A wellness and prevention program to help team members get the most out of the health and wellness programs offered through Target. The program includes assistance from health advocates and cash incentives for completing things such as preventive care visits and recommended coaching programs intended to help team members reach their personal health goals.
- A variety of other resources including an Employee Assistance program and onsite pharmacies and clinics in some locations.

In addition to our commitment to the needs of our team members, Target is also committed to the health and wellness of our guests. For example:

- Target developed innovative ClearRx prescription drug packaging with easy-to-read labels and color-coded rings personalized for each family member to reduce medication errors.
- Target offers automatic prescription refills for added convenience and patient compliance with health regimens.
- Target Clinic® provides high-quality, convenient and affordable health care services and offers prevention and wellness tools including seasonal flu shots, wellness tests and screening, physicals, a smoking cessation program, free blood pressure checks and more.
- Target offers more than 300 generic prescription drugs, many for \$4 for a 30-day supply and \$10 for a three-month supply, and is making it easier to use flexible spending account dollars by identifying items covered under this plan on sales receipts.
- Target recently launched a new Archer Farms® Simply Balanced™ product line. The food line follows eight healthy guidelines that include a limit on calories, fat, sodium, and added sugar and contains no artificial flavors, synthetic colors or artificial sweeteners.

94%

of expecting team members or spouses enrolled in a national Target-sponsored health care plan participate in the Maternity Support Program. This free wellness and prevention program offers support from OB Nurses throughout pregnancy, information about screenings, childbirth classes and home baby care, as well as a Target discount coupon for enrolling and a Target GiftCard® upon program completion.



Policy priorities: Target supports a national framework for health care that:

- Allows multi-state employers to offer consistent and uniform benefits in a cost-effective manner.
- Focuses on prevention and health and wellness, and promotes more access and affordability.
- Develops information technology, such as electronic personal health records, to provide greater transparency within the health care system, ensure standardization and reduce misdiagnosis.
- Allows for better education and incentives to help individuals engage in their health care decisions and use their benefit dollars wisely.

Target believes that public and private partnerships are crucial to achieve a better health care system. The commitment by large employers and all sectors of society to continue providing voluntary coverage is contingent on legislation that contains rising costs, improves efficiency and value, and increases overall quality with prevention and wellness as a priority. That is why Target has partnered with the Centers for Disease Control and Prevention (CDC) to create important, relevant messages and also collaborates with the U.S. Department of Health and Human Services Office on Disability and the U.S. Department of Labor Office of Disability Employment Policy in a “Health and Employment Forum” to discuss opportunities and best practices in creating accessible services to improve the health and wellness of all team members.

Target is also a member of a number of professional organizations and coalitions. As a board member, Target provides feedback and helps shape legislative and regulatory objectives for the following organizations:

- **Alliance to Make US Healthiest:** Target is a founding member of the Alliance to Make US Healthiest, a new coalition that strives to help U.S. citizens become more physically and emotionally healthy, and aims to help the U.S. become the healthiest nation in a healthier world. The vision of the Alliance is to create a national movement that promotes individual health and well-being throughout local communities.
- **American Benefits Council (ABC):** ABC represents more than 275 for-profit and nonprofit businesses that sponsor directly, administer or service retirement, health and stock compensation plans covering more than 100 million Americans. ABC initiates and champions legislation and regulations favorable to member needs and interests, and influences policy development within Congress and executive branch agencies.
- **Convenient Care Association (CCA):** CCA represents approximately 900 convenient-care clinics located in high-traffic retail outlets, operated by more than two dozen companies. CCA strives to strengthen and advance the retail clinic model of health care to provide routine, non-emergency services to walk-in patients at affordable prices seven days a week.
- **National Council for Prescription Drug Programs, Inc. (NCPDP):** NCPDP is a coalition of pharmacies, database management organizations, government agencies, health

insurers, pharmaceutical manufacturers, pharmacy benefit management companies, professional and trade associations, wholesale drug distributors and other parties representing more than 125,000 companies and 3.5 million professionals. NCPDP provides a forum for its membership to create and promote electronic standardization within the pharmacy services sector of the health care industry.

- **The Buyers Health Care Action Group (BHCAG):** BHCAG is a coalition of private and public employers working to redirect the health care system to focus on a collective goal of optimal health and total value. Their vision is that health care consumers get the care they need at the right time, in the right place and at the right price.

Additionally, Target regularly participates in round-table discussions, conference calls and advisory boards for several other professional organizations and associations, including:

- **HR Policy Association (HRPA):** HRPA is a coalition of the chief human resource officers of more than 250 U.S. corporations representing nearly every major industry sector. HRPA uses the collective leverage of its membership to advance critically important business and societal objectives that address employment law compliance and legislation, executive compensation, immigration reform, labor relations, pension and retirement policy, and health care reform.
- **National Association of Chain Drug Stores (NACDS):** NACDS represents nearly 200 chain community pharmacy companies operating more than 37,000 retail pharmacies with annual sales totaling nearly \$700 billion. NACDS works to enable and support the chain-drug industry to better meet the changing needs of its patients and customers while representing the practical, legislative and regulatory needs of community pharmacies across the nation.
- **National Business Group on Health (NBGH):** NBGH represents primarily Fortune 500 companies and large public sector employers who provide health coverage for more than 50 million U.S. workers, retirees and their families. NBGH represents the large-employer perspective on national health policy issues and provides a forum for exchanging ideas for controlling health care costs, improving patient safety and quality of care, and sharing best practices in health benefits management.

Injury and Illness Prevention

Our guests' and team members' safety in our stores, distribution centers and headquarters offices is a top priority. Our Injury and Illness Prevention Program (IIPP) was designed to prevent accidents, reduce instances of injury or illness, and comply with all safety and health regulations.

Just as Target approaches every component of its business, injury and illness prevention is a team effort. Managers are responsible for implementing and managing the IIPP, leading regular meetings of their location's Safety Team, completing safety checklists, ensuring that team members receive health and safety training, and communicating with team members about occupational health and safety. Team members are encouraged to communicate with their team leaders, department managers or Safety Team members about unsafe or unhealthy conditions. Team members know that they can talk with a manager, make a written statement, or submit a safety

concern at any time through the “Let Us Know” program via e-mail at LetUsKnow.Program@Target.com. Team members’ safety suggestions or hazard reports are investigated and corrected as needed.

Civic Activities

Target believes that engaging in civic activities is an important and necessary element of operating a national retail business. We participate in the civic arena through a variety of means, including: direct and indirect advocacy on issues that impact our business, significant non-partisan get-out-the-vote and voter education efforts aimed at our team members as well as the general public, innovative partnerships with local, state and federal government agencies intended to help these agencies fulfill their missions, and, where appropriate and legally permissible, contributions to political candidates and organizations.

Our Government Affairs team’s exploration of new ways to get people involved in civic activity sparked our co-creation of the National Civic Summit, a gathering of civic organizations and citizens in our headquarters city of Minneapolis, Minn., in July 2009.

The big topic: using technology to facilitate collaboration among people who want to help solve civic challenges. The summit featured a Target-sponsored National Tweetup, with more than 500 attendees in Minneapolis and hundreds of other participants around the world using Twitter to add their voices to the conversation about civic engagement.

Our civic initiatives are aligned with our business objectives and are overseen by our senior management and the Corporate Responsibility Committee of the Target Board of Directors. The intent of the overall program is to provide an effective and positive civic presence by having an influential voice in the civic activities in the communities in which we do business and in the deliberations, decisions and activities of our federal, state and local governments that impact our business. Ultimately, Target aims to work in partnership with government and other institutions so we can creatively address the challenges facing our society and bring even greater value to our communities.

Advocacy

Target advocates at all levels of government, with think tanks and non-governmental organizations, aiming to ensure that the impact legislative and regulatory issues have on our business, our industry, our communities and our team members is represented. We engage in advocacy directly through our Government Affairs office, and indirectly through memberships in various trade associations and organizations. One key partner is the Retail Industry Leaders Association (RILA), which supports its member companies by offering unique educational forums, effective public policy advocacy, and advancement of the retail industry.

Get-Out-The-Vote and Voter Education Activities

Well-informed citizens are better able to exercise their vote. For many years, Target has partnered with the Minnesota League of Women Voters to produce a non-partisan voter guide that we make available to our own team members. We also provide the guides to the public at large through free distribution at our Minnesota stores as well as through the League’s Web site, www.lwvnmn.org.

Beginning with the 2004 election year, Target also created a non-partisan voter education site aimed at our team members nationwide. The site provides information on where to vote and how to obtain an absentee ballot if necessary, as well as non-partisan information on state and federal candidates. The site is now available each election cycle.

In partnership with the Citizens League, a non-partisan public policy think tank, and the Humphrey Institute of Public Affairs at the University of Minnesota, Target helped create and funds the innovative Community Connections Calendar. The Calendar is a free, Web-based subscription service that links citizens with civic organizations across the political spectrum in the Twin Cities. More information is available at www.pointclickengage.org.

Public Partnerships

Many of the complex and diverse challenges facing our communities are most effectively resolved through public and private partnerships. As an outgrowth of our long-term and well-recognized experience in embracing communities, Target believes that many of the business practices that make us a successful retailer can be valuable in the public sector’s delivery of better public services to our communities. Accordingly, we regularly lend our expertise to assist governmental agencies in fulfilling their missions.

To date, we have focused on sharing our expertise related to issues such as community safety, urban redevelopment, safe Internet practices for children, acquisition of goods and services, and cost-effective health care benefits.

Political Contributions

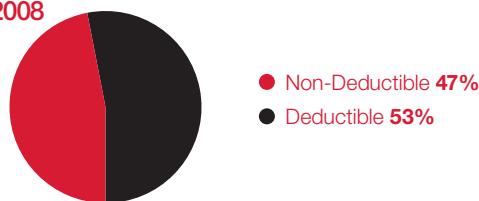
Target contributes to political candidates, caucuses and causes in a bipartisan manner based strictly on issues that directly affect our retail and business interests. We do this through corporate contributions where legally permissible as well as through the Target Citizens Political Action Committee (PAC), which is funded through the voluntary contributions of our team members. Because our activities are bipartisan, the percentage of overall giving to various political parties changes from time to time as a reflection of the political makeup of Congress and the legislatures in states where corporate contributions are legally permissible.

The use of corporate funds for political expenditures is managed as follows:

- **Legal compliance**—All political contributions are made in compliance with applicable laws and corresponding reporting requirements. To ensure compliance, all corporate contributions are reviewed and approved in advance by Target’s vice president of Government Affairs and senior public affairs officer, with input from legal counsel when appropriate.
- **Contribution criteria**—Before any contribution is made, we determine that it is consistent with our business interests and, under the circumstances, is an appropriate means of advancing our public policy position. This determination is made either by our vice president of Government Affairs and senior public affairs officer, executive vice president general counsel and corporate secretary or our chief executive officer.

Target Corporation maintains memberships in trade associations and organizations that are engaged in various public policy initiatives. To our knowledge, none of our membership dues to these associations are used to make contributions to candidates for office, and we specifically request that the associations use our dues only for management and lobbying purposes—not for political purposes other than lobbying. The portion of our dues used for lobbying activities is not deductible under the U.S. tax code. The chart at right shows the portion of these dues that was not tax deductible in 2008.

Target Corporation Membership Dues to Principal Trade Associations and Organizations—Percent of Total for 2008



Total—\$2 Million

Principal Trade Associations and Organizations to Which Target Corporation Paid Dues in 2008

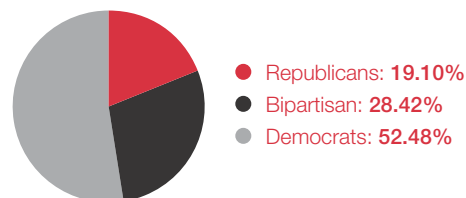
Alabama Retail Association	Nebraska Retail Federation
Arizona Retailers Association	New Jersey Council of Chain Drug Stores
Arkansas Grocers/Retail Merchants Association	New Jersey Retail Merchants Association
Associated Oregon Industries Retail Council	New Mexico Retail Association
California Business Properties Association	New York Metropolitan Retailers
California Chamber of Commerce	North Carolina Retail Merchants Association
California Retailers Association	North Dakota Retail Association
California Taxpayers Association	Ohio Council of Retail Merchants
Chain Pharmacy Association of New York	Pennsylvania Association of Chain Drug Stores
Citizens League	Pennsylvania Retailers Association
Civil Justice Association of California	Public Affairs Council
Colorado Retail Council	Retail Association of Mississippi
Connecticut Retail Merchants Association	Retail Association of Nevada
Consumer Electronics Retailers Coalition Inc.	Retail Council of New York State
Delaware Retail Council	Retail Industry Leaders Association (RILA)
Entertainment Merchants Association	Retail Merchants Association of New Hampshire
Florida Retail Federation	Retail Merchants of Hawaii
Food Marketing Institute	Retailers Association of Massachusetts
Georgia Association of Chain Drug Stores	Rhode Island Retail Federation
Georgia Retail Association	South Carolina Retail Association
Grocery Manufacturers Association	South Dakota Retailers
Idaho Retailers Association	State Government Affairs Council
Illinois Retail Merchants Association	Tennessee Retail Association
Indiana Retail Council	Texas Federation of Drug Stores Inc.
International Council of Shopping Centers	Texas Retailers Association
Iowa Retail Federation	The Kansas Chamber
Kentucky Retail Federation	The State Chamber of Oklahoma
Louisiana Retailers Association	U.S. Chamber Institute for Legal Reform
Maine Merchants Association	U.S. Chamber of Commerce
Maryland Retailers Association	U.S. China Business Council
Michigan Retailers Association	U.S. Conference of Mayors
Minnesota Business Partnership	Utah Retail Merchants Association
Minnesota Chamber of Commerce	Virginia Association of Chain Drug Stores
Minnesota Retailers Association	Virginia Retail Merchants Association
Minnesota Taxpayers Association	Washington Retail Association
Missouri Retailers Association	West Virginia Retailers Association
Montana Retail Association	Wisconsin Merchants Federation
National Association of Chain Drug Stores	Wyoming Retail Dues



Target sources products from all over the world, bringing guests both quality and value — from owned brand and signature national brand collections to assortments from designer partners.

- **Board and management oversight** — Corporate political contributions and related activities are reviewed regularly with our senior management, and reported on an annual basis to the Corporate Responsibility Committee of the Target Board of Directors. Recipients of corporate contributions or PAC contributions must report to their state authorities. For more information on our political giving, check the Internet for the secretary of state or ethics commission for the state in which you are interested. Federal PAC contributions are listed at www.fec.gov.

Target Corporation Direct Contributions



During 2008, Target Corporation made \$322,000 in direct political contributions to candidates, caucuses and causes.

Target Corporation Political Contributions of \$5,000 or More in 2008

Payee	Amount	Affiliation*
Californians for Clean and Reliable Water	\$10,000	BP
IMPACT	\$12,500	BP
JobsPAC	\$10,000	BP
New York Retailers for Effective Government	\$5,000	BP
Rebuild Long Beach	\$25,000	BP
Yes on Prop 11	\$25,000	BP
Big Sky Night, LLC	\$15,000	D
California Democratic Party	\$35,000	D
Democratic Leadership Council	\$85,000	D
The Ripon Society	\$30,000	R

*D = Democrat, R = Republican, BP = Bipartisan

Global Sourcing: Standards for Worldwide Partners

Our company's founder, George Dayton, was well known for his strong sense of business ethics. Today, we still hold ourselves to the highest ethical standards — no matter where we do business — and we expect our business partners around the world to do the same. Our partners include vendors, manufacturers, contractors and suppliers who provide merchandise, supplies and support for our new-store construction.

In our quest to bring Target guests the best quality and the best value, we source merchandise from all over the world, directly importing about 30 percent of our products. Target Sourcing Services (TSS) sources owned brand products from around the world.

The TSS team's expertise helps us balance our sourcing around the globe to ensure that we're able to anticipate issues and mitigate any potential risks while making the best decisions for our business. We continually evaluate the mix of countries from which we source and adjust for many factors, including production quality and capacity, speed to market and pricing. All of our products are clearly labeled to indicate the countries where they are manufactured, in full compliance with regulations established by U.S. governmental agencies.

Target Compliance and Production Services (TCPS) is a division of TSS that partners with vendors to achieve outstanding quality for our owned-brand products. The TCPS mission is to validate that our vendor partners operate efficient, safe and ethical factory environments that are capable of producing safe, reliable, high-quality product. Teams at headquarters focus on setting policy, creating procedures, administration and enforcement, while overseas teams execute our processes. Teams include Global Compliance and Quality Assurance.

Global Compliance Role & Program Components

Since it was established in 1998, the role of the Global Compliance department within TCPS has been to protect the Target brand by ensuring our products are produced ethically and in accordance with our Standards of Vendor Engagement (SOVE), Vendor Conduct Guide and local laws. We do this through:

- **Vendor Education & Compliance Program Development:** Global Compliance educates vendors about our expectations for strong vendor and factory compliance programs.
- **Factory Registration:** Vendors are required to register all primary and subcontracted factories used in the production of our merchandise. By registering a factory, a vendor is taking ownership of its compliance with our SOVE and local laws, as well as authorizing unannounced audits by Target.
- **Unannounced Audits:** Each year, our team of auditors conducts thousands of random, unannounced, mandatory audits at factories producing owned-brand products in more than 50 countries. Our audit results verify the results of the vendor's compliance program. Any vendor who denies access to our team members or third-party auditors receives a financial penalty.
- **Corrective Action Plans:** If issues are identified during an audit, our headquarters team partners with the vendor to ensure corrective actions are appropriate.
- **Vendor Scorecard:** Global Compliance provides vendor performance information to our sourcing partners to help inform their business decisions.
- **Stakeholder Engagement:** We collaborate with Non-Governmental Organizations (NGOs), investors and other stakeholders to work toward mutual goals and encourage ethical business practices in the retail industry.

Snapshot of a Global Compliance Audit

- A Global Compliance audit or third-party auditor arrives unannounced at a factory that has been registered by a vendor that produces Target owned-brand product. The auditor provides identification and then meets with factory management to explain the purpose of their visit.
- Accompanied by the factory manager, the auditor walks through the factory, observing health and safety practices. During the factory tour, the auditor points out immediately correctable issues.
- Next, the auditor interviews employees and managers—asking questions about working conditions in the factory.
- Following the interviews, the auditor cross-checks information gathered by extensively reviewing personnel, wage and time records.
- To conclude the audit, the auditor reviews merchandise and records for country-of-origin information. In total, the auditor answers up to 400 questions using Target's standardized, electronic audit form.
- The auditor recaps findings and corrective actions with factory management.

After the audit, our headquarters-based analyst asks for a corrective action plan from the vendor, and a follow-up audit determines whether corrective actions have been taken. If a factory isn't in compliance by the third audit, Target will not allow production in that factory for a year. To keep our auditors safe, any severe violations—e.g., bribery, illegal transshipment, corporal punishment, country of origin or underage labor—that would cause immediate termination of a factory relationship are not disclosed to the factory manager by the auditor.

Vendor Education: In Depth

We educate our vendors about how Target standards apply to their operations. We invite new vendors to a training session at headquarters or overseas. An audio version of this training course is also available online in five languages. In addition, vendors can access a document on our vendor Web site called Applying the Standards of Vendor Engagement in Factories, available in 13 languages, which provides specific guidance on our standards and best practices. Furthermore, Target Compliance and Production Services (TCPS) has developed a Factory Education manual to assist vendors in educating their factory supplier partners on topics including Global Compliance and Quality Assurance.

Standards of Vendor Engagement

We will not knowingly work with any company that does not comply with our ethical standards. We benchmark our standards against those of other companies, and we work closely with Non-Governmental Organizations that focus on social responsibility.

- Our business partners must provide **safe and healthy workplaces** that comply with local laws. If our partners provide residential facilities for their workers, these must be safe, healthy and in compliance with local standards.

- **No forced or compulsory labor.** We will not knowingly work with business partners who use forced labor in the manufacturing of products.
- **No physical or mental punishment used against employees.**
- While we respect cultural differences, we believe workers should be employed based on their abilities, and we encourage our business partners to **eliminate workplace discrimination** based on race, gender, personal characteristics or beliefs.
- We seek business partners who offer **reasonable working hours and overtime**, and whose work weeks do not exceed local laws or business customs. We encourage our partners not to require more than a 60-hour work week on a regularly scheduled basis (except for overtime compensated in compliance with local laws).
- **Fair wages and benefits** must be provided in compliance with local laws; in addition, we encourage our partners to improve wages and benefits to address the basic needs of workers and their families.
- We will not work with business partners who use deceptive practices to deliberately misrepresent **country of origin** to evade quota or import restrictions or duties on products that will be sold in our stores.
- **No child labor**, which we define as being below the local minimum working age or age 14, whichever is greater. We make an exception for legitimate apprenticeship programs.

In support of this commitment, Target does not knowingly buy or sell products which contain Uzbek cotton or which are sourced from any country that condones the use of forced child labor. We are requesting that our business partners also refrain from using cotton from countries with a known record of forced child labor and we are sharing our position with the U.S. Government, Non-Governmental Organizations and other industry leaders who have similarly voiced their concern.

- In addition, Target is committed to sourcing products which contain diamonds, gold, or other precious metals and gemstones only from vendors who engage in responsible mining practices, including adhering to the highest social, human rights and environmental standards. We reinforce this commitment through vendor education efforts as part of our Global Compliance program.

Vendor Contracts

We require our vendors to warrant that all goods are made in compliance with all applicable laws—both U.S. laws and the laws of the country in which the goods are produced. This warranty includes the Fair Labor Standards Act of 1938, which governs how employers pay and treat their employees. To be in compliance with this contract term, our vendors must confirm that their business partners are also in compliance with the law. In addition, we establish similar basic minimum requirements in certain countries where labor laws are not yet well developed. If a vendor violates our agreement, penalties range from the loss of the contract or order to the loss of all future business with Target.

Quality Assurance Tools and Processes

The Quality Assurance team validates the safety, reliability and quality of our products by using systems and processes, including:

- **Factory evaluations** conducted by an overseas manufacturing technician. This process validates a factory's quality processes and manufacturing capabilities before it ever begins producing owned-brand products for Target.
- **Placement and pre-production meetings**, which provide a step-by-step guide for overseas team members to use when verifying that vendors execute all pre-production activities properly. These meetings are for products sourced directly by Target.
- **Product testing**, which begins early and continues through a product life-cycle. Tests validate that owned-brand products meet or exceed safety and regulatory requirements, as well as standards for labeling, packaging quality and end-use performance. (Continue on to 'Product Testing' section below for more information.)
- **Product inspections**, used to validate that owned-brand products meet testing requirements and acceptable quality standards.
- **Field Assessment Tool (FAS-T)**, a system that automates field activities and creates a data repository for product inspections, factory evaluations and global compliance audits.
- **Training and documentation** for all Quality Assurance requirements are available through Partners Online.

Product Safety: A Top Priority

Providing safe products is a top priority at Target. We not only ensure products meet mandatory government safety standards, we also voluntarily test our products periodically to meet more stringent standards than state and federal laws require—and we place special emphasis on children's products, including toys. We make every effort to ensure a product's performance and safety meets our high standards before being sold in our stores.

Product Testing

We rigorously test our owned-brand merchandise before it arrives at our stores or at Target.com. First and foremost, we test products to validate that they meet or exceed safety and regulatory requirements; we also test labeling and packaging quality, and a product's end-use performance.

We require satisfactory third-party product tests. If the product doesn't pass initial testing, the vendor must improve and resubmit the product until it meets requirements. If a product does not meet requirements after it is resubmitted, it is not approved for shipment.

Multi-stage testing catches potential quality and safety issues before and during production. Testing by a third-party lab occurs during the initial production run and at random intervals during ongoing production. We've used multi-stage testing on our owned-brand apparel merchandise since 2005. We began performing multi-stage testing on all children's owned-brand products as well as other high-risk Hardlines owned-brand products beginning in 2006.

Food Safety

We also are committed to delivering outstanding quality and uncompromising safety with every owned-brand food product. Our Food Safety & Quality Assurance (FSQA) team's primary focus is food safety and improving product quality and freshness of our owned-brand products through several key programs, including:

- **Vendor Audits and Assessments.** Vendor-manufacturing-facility approval by Target requires a comprehensive third-party audit of food safety, regulatory compliance and quality management systems. In addition, FSQA specialists conduct on-site manufacturing-facility food safety assessments.
- **First Production Review Program.** Each new owned-brand food item is evaluated for product and packaging specification compliance, overall product quality performance consistent with guest expectations, and brand requirements prior to arriving in stores. Products are fully evaluated by a cross-functional development team to ensure all new products meet Target requirements before reaching our guests.
- **Market Review Program.** Owned-brand food products are retrieved from our stores to best represent what our guests actually experience. Using a well-defined process, the retrieved samples are evaluated from a guest's perspective to determine overall product and packaging quality and performance. This information is used to make continuous product quality improvements.

Consumer Product Safety Commission

We believe that cooperation among regulators, manufacturers and retailers is the only way to find solutions to issues of quality assurance and product safety; we're committed to being a productive part of that effort. Currently, we report to the Consumer Product Safety Commission (CPSC) any products that we're investigating or removing from the market for safety-related reasons. We collaborate with the CPSC on improved training for overseas vendors, particularly those in China.

Emerging Safety Concerns

Target has several efforts under way to reduce PVC in our owned-brand products. All of our owned-brand children's utensils and lunch kits and many infant and toy categories are now made from materials other than PVC. And, several owned-brand home items including shower curtains and liners, as well as placemats and table linens, are made from more viable alternatives.

Additionally, we've eliminated PVC in packaging materials for a number of products and continue to identify alternatives where possible.

Product Recalls

When a product is recalled, it's our responsibility to execute the recall quickly and efficiently to ensure the safety of our guests. Our formal, rapid-response plan features multiple layers, including:

- Communicating immediately with store teams so items can be pulled from store shelves and Target.com
- Posting recall notices on store kiosks

- Adding a cash-register locking function so guests aren't able to purchase recalled products
- Posting information at Target.com, with links to the CPSC and related Web sites
- E-mailing guests who have purchased recalled products online

Restricted Products

Our goal is to stock Target shelves with merchandise that appeals to a wide variety of guests, particularly parents and families. We want parents to feel comfortable with their purchasing decisions at Target, so we've instituted policies about whether and how we sell certain kinds of products.

- All **video games** and **computer software** titles sold at Target carry ratings by the Entertainment Software Rating Board (ESRB). We do not sell any AO-rated (Adults Only) products; since 2000, we've voluntarily restricted the sale of M-rated (Mature) games and software to guests age 17 and older. Our goal is to have all guests know and understand the ESRB system so they can make informed purchasing decisions. To inform guests about how video games and software are labeled and rated, we use communication vehicles, including:
 - Informational signage and a guest brochure
 - Information at Target.com
 - Messages in our weekly circular to encourage guests to "know their ratings," plus oversized ratings graphics on M-rated video games advertised in the circular
 - Cashier training
- In 2005, even though our decision adversely affected our sales, we became the first national retailer to voluntarily place all cough, cold and allergy medications containing **pseudoephedrine (PSE)** behind the pharmacy counter. Found in cold and allergy remedies, PSE is the key ingredient in the illegal manufacture of methamphetamine. Sales of PSE are now governed by federal law; our policy enforces federal limitations and follows more restrictive state and local laws where applicable.
- Not only does Target not sell real **guns**, we stopped selling realistic toy guns in the early 1990s. Today, toy guns on our shelves are limited to those that are brightly colored or oddly shaped and couldn't be mistaken for actual weapons.
- We stopped selling **cigarettes** in 1996, and don't currently sell any tobacco products.

Supply-Chain Safety

Target has partnered with the U.S. Department of Homeland Security and U.S. Customs and Border Protection to improve security practices and reduce supply chain risks. Target is a charter member of the Customs-Trade Partnership Against Terrorism (C-TPAT), a public-private partnership to strengthen supply chain and border security.



Environmental Responsibility.

Target strives to be a responsible steward of the environment. We go far beyond simply complying with environmental regulations—we seek to understand our impact on the planet and continuously improve our business practices so that we:

- Use resources responsibly
- Eliminate waste
- Minimize our carbon footprint
- Offer a selection of natural, organic and eco-friendly products
- Develop facilities that align environmental, community and business needs
- Influence our vendors and suppliers to embrace sustainable practices



Our research shows that being a responsible steward of the environment is one of the most important issues that defines Target's corporate reputation.

Target continually looks both inward and outward for opportunities to be a force for positive change. When we encourage systematic solutions, caring about the environment becomes an essential part of every business decision—and making eco-conscious choices becomes second nature.

Governance: How we Manage our Environmental Efforts

A corporate focus on the environment is nothing new at Target. In fact, it's been 15 years since we centralized our efforts into an Environmental Services department—one of the first such departments at any retailer. This team broadly focused on environmental compliance, operational programming to support regulatory needs, and streamlining our cardboard and shrink-wrap recycling programs. More recently, in the spirit of continuous improvement, we made a strategic shift in how we manage our environmental obligations to enable a greater focus on compliance and create stronger relationships with our business partners.

While the operational programs remain in their respective units, to support this new approach, the environmental compliance function now falls within the newly formed Corporate Compliance and Ethics department, ensuring greater awareness of our environmental compliance obligations companywide.

In addition to environmental compliance, we've created a network of internal partnerships whose purpose is to execute regulatory programs and drive change toward more sustainable business practices, more efficient operations and stronger ties to our communities. We also work with our vendors to identify opportunities to incorporate sustainability initiatives into our core business functions.

In addition to evaluating our decisions' impact on the environment, we use three guiding questions when approaching these issues: Will it help us anticipate regulation and mitigate risk? Will it help us increase our efficiency, saving money or generating income? Will it help us drive new business opportunities? This straightforward approach enhances both our brand and our business in the long run.

Tracking Legislation

We're required to comply not only with federal environmental regulations, but also with different sets of state laws in the 49 states where we have stores, plus the regulations of numerous municipalities. Besides tracking our own environmental progress, we constantly study existing and pending laws and regulations regarding issues like electronics recycling, climate change, plastic bag use and product restrictions. Our corporate Government Affairs team monitors national, state and local efforts so that we can nimbly respond to new requirements.



Discovering new ways to be environmentally conscious means taking risks. Sometimes, our experiments work...

In 2007, our Target Protection Specialists (TPSs) tested Segway personal transporters to patrol our store parking lots. They found that Segways offered a friendly way for our guests to see them more easily and provided a better view of the lots. Plus, Segways are battery powered, emission free and cost just pennies a day to operate. Even better, for every Segway we buy, Segway Inc. purchases a year's worth of renewable energy credits, which means that the utility company buys power generated by such clean, renewable sources as wind, water and geothermal energy. Today, we're using Segways at 174 stores. In addition, we added 130 T3 Motion units to our mobile security strategy in 2008. Much like the Segway, the T3 is emissions free and costs little to charge for daily use.

... and sometimes they don't.

Target participated on a U.S. Department of Energy working group, exploring the use of LED parking lot lighting for retail buildings. We recognize that LEDs have many energy saving environmental advantages, but as we dug deeper into converting our parking lot lights, we discovered they were not beneficial to Target – we save more energy through our current practice of turning off lights when the stores close.

But we'll never stop exploring.

While LEDs didn't succeed for our parking lots, we continue to use LEDs in other areas such as our exterior signage and freezer cases. We continue to explore and pilot ways to save energy, whether through light fixtures, bulbs or renewable energy systems like solar and wind.

Maximizing the Life Cycle of Materials: Reduce, Reuse, Recycle and Beyond

Less is more. Wasting less is more responsible. Period. The core of Target's environmental efforts has always been our commitment to reduce waste, reuse what we can and recycle as much as possible. Nationwide, we reuse or recycle approximately 70 percent of the materials that would have been sent to a landfill in years past.

Reduce

We manage our waste-reduction program from our headquarters in Minneapolis so we can track the progress of our stores and distribution centers (DC). Nearly every load of non-recyclable waste from our store-waste compactors is weighed so we can maximize loads and reduce unnecessary hauls. Full compactor loads mean fewer trips to landfills, which saves fuel and reduces emissions. The weight and frequency of compactor loads are calibrated according to a store's sales volume, so stores can accurately compare their performance to other stores.

Recycle

Our recycling programs benefit the environment, fuel the economy and, in many cases, generate income for Target. As new recycling markets grow and existing markets strengthen, we continue to look for recycling innovations.

Since the early 1990s, we have centrally managed a corrugated cardboard bale program, selling cardboard to contracted recyclers. This program was further enhanced when the majority of our stores began returning their cardboard bales to the DCs on the same trailers that deliver merchandise to stores. At the DCs, store bales are consolidated into full trailer loads to minimize trips and reduce truck emissions.

We recycle electronics, including product returns and company-owned equipment, using a third-party vendor. Our recycling vendor uses the "Glass to Glass" recycling method, meaning that nearly all components are recycled and little to no waste is generated.

Every year, our DCs receive millions of merchandise pallets. Most are encased in shrink-wrap, which is recycled into composite lumber and other products through our plastic-recycling vendor partners.

We repair and refurbish damaged shopping carts to use in our stores as long as they meet Target brand standards. When they no longer make the grade, we sell them to other companies for reuse or recycle the plastic and metal into products like plastic pallets and construction rebar.

For the past five years, we've required building contractors to recycle construction waste, including concrete, from all of our store remodels and new stores, and to use our stores' cardboard balers to bundle leftover packaging from equipment installations.

Our headquarters locations recycle mixed paper, corrugated cardboard, aluminum, glass and plastic as well as used inkjet printer cartridges, which are refurbished and resold.

Taking Responsibility for Change

Much of the time, our internal environmental policies are stricter than the local or regional regulations where we do business. That's because we believe in protecting our communities' natural resources and keeping the work environment safe for our team members. When violations do happen, we respond immediately and thoroughly. For example, in response to an inadvertent spill of roofing material by contractors at a Florida store, we enhanced our process to prevent and respond quickly to spills: We improved our roofing-team training and communication, and we now require all sites to maintain on-site spill kits and to block critical storm drains during roof-coating projects. We believe that by being open about such incidents, we increase environmental awareness company wide, we improve our processes and we avoid future issues.

Target participates in environmental partnerships

- **Retailer Energy Alliance**
- **United States Environmental Protection Agency Climate Leaders, Stormwater Runoff Strategies Partner, Energy Star and WasteWise**
- **United States Green Building Council (USGBC), Corporate Sponsor, National Committee (LEED for Retail Application Guide)**
- **National Recycling Coalition (NRC), Member**
- **Sustainable Packaging Coalition, Member**
- **American Industrial Hygiene Association (AIHA), Member**
- **National Association for Environmental Management (NAEM), Board Member**
- **National Brownfield Association, Member**
- **International Council of Shopping Centers, Member**
- **Recycling Association of Minnesota, Board Member**
- **Retail Industry Leaders Association Sustainability Initiative, Member**
- **Food Marketing Institute Sustainability Task Force, Member**



Target is an industry leader with our Garment Hanger reuse program, which keeps millions of pounds of metal and plastic out of landfills.

Reuse

Our reuse programs focus on ways to make the most of products for their entire life cycles. We work with community partners who can use items we no longer need—everything from food to filing cabinets, paint cans to party supplies, bookshelves to blankets. Donating items for reuse not only saves us millions of dollars in disposal costs, but supports our communities and keeps still-useful products out of the waste stream.

We're the only national retailer employing a **Garment Hanger** reuse program, which keeps millions of pounds of metal and plastic out of landfills. We send clothing to our stores already on hangers, each of which gets reused an average of four times or until it's no longer functional. In 2008, this program prevented nearly 407 million hangers from entering landfills. The program also reduces workload for our store teams, because they don't have to put clothing on hangers. When hangers break, we recycle the plastic and metal for use in post-consumer goods, products like plastic flowerpots and other gardening supplies, for example. But, more often, at least 90 percent of hangers returned are reused.

Our **Merchandise Salvage** program sends unsold product to organizations for resale: Although we maintain a business relationship with both nonprofit and for-profit partners, more

than 900 of our stores enjoy partnerships with Goodwill Industries affiliates, which provide services like job training along with low-cost goods.

Certain overstocks, damaged products and those that don't meet Target quality standards are processed through our **Vendor Returns** program, through which we work with vendors to promote recycling and reuse of unsold product.

Our grocery overstocks are donated to Feeding America, formerly known as America's Second Harvest, a nationwide network of food banks that operates more than 50,000 food pantries, soup kitchens and after-school meal programs. Our stores and DCs also donate overstocked and damaged pet food and supplies to local animal shelters.

When we update equipment like computers, store fixtures, food-service equipment, vehicles, forklifts and other industrial equipment, our **Resource Recovery** team decides whether to sell, donate, recycle or reuse the equipment being replaced, always with an eye toward managing risk and maximizing recovery.



A Reusable Solution, Target Style
 When Target celebrated Earth Week in a big way in 2009, one highlight was a nationwide giveaway of 1 million reusable bags for guests who made purchases. Inside each bag was a \$2 coupon for a GE compact fluorescent lightbulb.

Corrugate Recycling (lbs.)
 (in millions)

(Yr-o-Yr chg)

-5%



Salvage (lbs.)
 (in millions)

(Yr-o-Yr chg)

-0.32%



Shrink-Wrap Recycling (lbs.)
 (in millions)

(Yr-o-Yr chg)

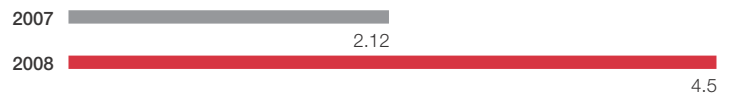
-33%



Electronics Recycling (number)
 (in millions)

(Yr-o-Yr chg)

+112%



Hangers Reused (number)
 (in millions)

(Yr-o-Yr chg)

-1%



Consumable and Non-Consumable Donations to Feeding America (lbs.)

(Yr-o-Yr chg)

+37%





Sustainable Products and Packaging

We constantly revamp our merchandise assortments to make sure we're giving guests what they want. More and more, we're rethinking the products we offer to lessen any negative effect they might have on the environment—because it's the right thing to do and because it's what our guests value. We measure our guests' preferences through surveys, trend research, sales patterns and product tests.

In nearly every merchandise department, you'll find products made from recycled materials, nontoxic chemicals or organic ingredients, packaged in recyclable or biodegradable containers.



Food and Grocery: Target was certified as an organic produce retailer by the USDA in 2006, and we now carry more than 700 organic items, including produce like vegetables, berries, bananas and apples. And we're planning to increase the number of organic foods we sell. Owned-brand organic items under the Archer Farms® label include milk, cereal, whole-wheat pasta, pizza, applesauce, frozen fruit, olives, tea, snack chips and more. We've also expanded our seafood selection to include more Marine Stewardship Council-certified sustainable seafood, fished with environmentally responsible methods.



Health and Beauty: At Target, our guests will find personal-care products that aren't tested on animals and that are free of synthetic ingredients like parabens, phthalates and sodium lauryl sulfates. They include brands such as Alba, Avalon Organics, Burt's Bees, Dr. Bronner's Magic Soaps, Giovanni Organic Cosmetics, Yes to Carrots, Eco Tools and Weleda. Also in Health Care, we offer guests appendage braces and supports that use a core material made with non-petroleum-based materials and a lining made of 67 percent recycled PET bottles. We plan to increase the number of natural health and beauty offerings.



Stationery and office paper: We offer paper products, including greeting cards and notebooks, made from recycled paper.

Domestics: We carry 250-thread-count sheets made from 100 percent organic cotton, grown without pesticides or synthetic fertilizers, and 250-thread-count sheets made from a 60/40 blend of cotton and rayon from bamboo.

Doormats: Guests can find doormats made of 100 percent recycled rubber, as well as doormats woven from coir, a fiber derived from coconut husks.

Housewares: We carry a wide range of bamboo cookware and kitchen utensils, 100 percent organic kitchen towels and dishcloths, plus water filters that purify the same amount of water contained in 300 plastic bottles.

Electronics and lighting: Many of our electronics, appliances and lighting products—including compact fluorescents and LEDs—are Energy Star-certified by the EPA.

Music and movies: Recyclable cardboard CD cases are beginning to replace plastic cases.

Household Cleaners: Detergent and home-cleaning product assortments include nontoxic brands such as Method and Seventh Generation, which uses plant-based ingredients.

Pets: We carry a variety of products made from recycled materials, as well as all-natural cat litter and organic catnip.

Men's: This fall, Target will offer Hanes fleece apparel made with 5 percent recycled polyester. In addition, we're featuring recycled polyester board shorts within our spring swim line in 50 stores.

Infants: Target.com offers infantwear made from organic cotton.



GiftCards: Guests spread our sustainability message with the RedCycled™ Reusable Tote GiftCard—a GiftCard made from 40 percent recycled content, affixed to a reusable tote and attached to a cardboard carrier made of minimum 97 percent post-consumer material.

Packaging

As a member of the Sustainable Packaging Council, we believe that the packages our owned-brand products come in are as important as what's inside. During product development, our Packaging team recommends sustainable materials and ways to reduce packaging volume whenever possible. In addition, we work with printers who can reliably verify the content of our packaging. Our vision: to minimize any impact on the environment and manage our costs without compromising shelf appeal.

Whenever we can, we source owned-brand packaging materials that are:

- **Recyclable and made with recycled content:** Our choxie® packaging was converted to an unbleached paperboard that contains post-consumer recycled content and was redesigned to save 15 percent in packaging materials. And we changed our Target Café smoothie and parfait cups from previously containing no recycled content to using 20 percent post-consumer recycled plastic.
- **Made with renewable resources:** Polylactic acid, or PLA, is a non-petroleum-based plastic made from plants; we've converted packaging for six bakery items and one deli item to renewable plant-based plastic from petroleum-based plastic, resulting in more than 500,000 pounds of petroleum-based plastic removed from Target shelves.



PVC

To reduce the use of PVC in our products and packaging, we're working closely with our vendors. Moving away from PVC is challenging because it's so widely used, but we're committed to making incremental changes like the ones detailed here. We developed a Sustainable Products Guide to educate our product designers, sourcing specialists and merchants about sustainable design and environmental considerations associated with forest/paper products and PVC. We'll evolve this guide over time to address other product-specific issues.

We no longer carry any PVC products in our infant section, and we also updated several packaging items to be PVC-free, including eliminating a box from the Room Essentials 13-piece flatware set, redesigning our alarm clocks packaging from a PVC clamshell to a corrugated box, redesigning drapery holdback packages from a PVC box to a corrugated tray box, and replacing the PVC packaging for bedding, window panels, tablecloths and shower curtains with either an alternative plastic or a package redesign. These changes eliminate more than 4.5 million pounds of PVC per year.

Less Is More

Recent packaging updates designed to lower environmental impact and boost sales:



Quilt Packaging, September 2009

Before: Large corrugated and plastic insert cards

After: Smaller corrugated insert cards and eliminated all plastic cards

Benefit:

- Eliminates 30,000 pounds of plastic and 32,000 pounds of paperboard annually.
- Saves material costs of about \$150,000 annually.

Room Essentials Shower Rings, February 2010

Before: Plastic folding carton

After: Shrink-wrap

Benefit:

- Reduction of 60,000 pounds of Polyethylene Terephthalate (PET) plastic annually.
- Saves about \$226,000 annually in material costs.

Market Pantry .5-Liter Water Bottles, October 2009

Before: 12.2 gram PET plastic bottle

After: 10.0 gram lightweight plastic bottle

Benefit:

- Lightweight design reduces plastic in a Market Pantry™ bottle by 18 percent.
- The new Market Pantry bottles weigh 38 percent less than other .5-liter water bottles.

Holiday Gift Box Shippers, November 2009

Before: Standard corrugated shipper design

After: Redesigned corrugated shipper design, with a more efficient use of material

Benefit:

- Eliminates the use of more than 100,000 pounds of corrugated board annually.

All figures are approximate, based on estimated product weight and current sales units.



Facilities and Natural Resources: Building Thoughtfully

The communities where we build our stores, distribution centers and offices are the communities where our team members and guests live, work and play—so we're deeply mindful of the effect our projects have on local ecosystems.

Our Property Development teams offer decades of experience in sustainable design, construction, development and resource-preservation techniques. Yet long before they begin building any store, they develop relationships with community leaders and planning commissions so that each store is aesthetically pleasing and minimizes environmental impact.

Whether we're leasing or purchasing a new store site, we perform thorough environmental due diligence:

- To develop our own environmental assessment template, we used the industry standard American Society of Testing and Materials E-1527 protocol. Our template expands requirements to include reviews of local regulations and ordinances, plus studies of natural resources like wetlands, critical habitats and endangered species.

An important part of our growth strategy involves expanding into densely populated metropolitan areas. Because it makes smart business sense—and offers the added benefit of improving communities—many of our projects in these areas involve reusing existing buildings or redeveloping “brownfields,” environmentally impaired properties that range from an area where a chemical spill occurred to a full-fledged former Superfund cleanup site.

When we commit to redeveloping a brownfield site, we create a remediation solution that meets state and federal standards. We frequently enter voluntary cleanup programs with state agencies to ensure that our solution best serves the site. Our brownfield redevelopment projects create jobs for our communities and increase tax revenues for cities and schools.

We select communities for the long term: We build our stores to last for 50 years or more with regular maintenance and remodeling to maintain our financial investment and keep stores looking brand-right.



T-2455, Davis, Calif.—The Target-developed site is part of the former Frontier Fertilizer plant site listed as a Superfund Site under the U.S. Environmental Protection Agency (USEPA). The site was developed to accommodate the cleanup of both groundwater and soil affected by both fertilizers and pesticides.



T-2259, Columbia Heights, DC—the store sits on the site of former fuel retail and automotive repair facilities. To prepare the site for Target, more than 20 underground storage tanks and associated soil impacts were encountered and removed.

T-2376 in Orlando, Fla., which opened in October 2008, replaced an industrial/commercial area formerly home to an auto repair shop, paint-mixing facility, warehouses, printing shops and a chemical company.

T-2261 in Sheridan, Colo.—Underlying the Sheridan Redevelopment Site were two historic landfills that operated before the creation of today's federal hazardous and solid waste laws. The development of the site was challenged by landfill methane deposits associated with the municipal solid waste.



T-2344, Chicago Morgan Park, Ill.—Prior to our store development, the site was used as a canned meat processing plant, plastics manufacturing facility and waste water treatment facility. Affected soil and hazardous materials were removed and properly disposed during site development.



Managing our Carbon Footprint: Treading Lightly

Every individual and every organization has a “carbon footprint”—the total amount of greenhouse gas emissions generated during such daily activities as driving and burning fuel to heat and cool buildings.

Because Target is a growing company, our physical footprint gets bigger with every new store we open. That’s why we’re committed to using new ideas and technology to control the growth of our carbon footprint. Choosing renewable energy sources is one approach we’re exploring for managing our carbon footprint. (See Pages 36–40 for more information.)

We first measured our carbon footprint in 2005 using the Greenhouse Gas Protocol created by the World Resources Institute. We measure our efforts to manage emissions based on these guidelines; we’ll measure our carbon footprint again this year to see how we’re progressing.

Today, we report both our direct and indirect emissions to the Carbon Disclosure Project, an investor-supported group who solicits emissions data from large companies. We’re also exploring how we can measure emissions occurring farther away from our operations, like those generated in our supply chain and by our manufacturing vendors.

In some cases, we have to work closely with our business partners to make changes. For example, since we depend on contract carriers to move the vast majority of our freight, we can’t directly modify the vehicles. We can, however:

- Implement policies, such as our No-idle policy, which requires trucks to shut off their engines while at our distribution facilities
- Encourage transportation providers to initiate emissions reduction initiatives
- Create the most efficient possible routing
- Maximize the amount of product each truck carries through efficient packing
- Ensure trucks don’t travel empty from stores back to DCs
- Choose the transportation mode that creates the least emissions, such as container ships rather than airplanes for imported goods, and rail cars rather than trucks within the United States.

In every case, we’ve been able to do a better job of meeting our business needs while decreasing our impact on the environment.

Greenhouse Gas Emissions: By the Numbers

Most of our emissions are indirect, created by the electrical energy required to light and cool our buildings and operate refrigeration systems. We also create some direct emissions by generating emergency power via natural gas.

2008 numbers:

2.99

million metric tons of CO₂-equivalent (CO₂-e)
Direct emissions: 289,000 metric tons of CO₂-e
Indirect emissions: 2.7 million metric tons

2007 numbers:

2.95

million metric tons of CO₂-equivalent (CO₂-e)
Direct emissions: 248,000 metric tons of CO₂-e
Indirect emissions: 2.7 million metric tons



Solar roof panels harness the sun’s energy at a Los Angeles Target store.

Energy use

It's easy to understand why energy efficiency is a major area of focus for Target: More than 80 percent of the energy used by a typical Target store goes toward powering its heating and cooling, lighting and refrigeration systems. Controlling our energy helps control our operating costs and ultimately affects our competitive edge.

Sustainable design and energy efficiency are not recent trends at Target. An internal team of engineers and architects has been focused on cost-effective sustainable design for over a decade.

- White reflective roofs that reduce cooling needs have been used since the mid-1990s.
- Keeping mindful of energy efficiency, Target purchases most of its energy-consuming equipment directly, partnering with equipment suppliers to improve our energy performance.
- On energy use, our stores typically perform 30 percent better than code requires.
- Centralizing our energy management system at headquarters allows us to implement company-wide energy policies, customize and control output for stores of varying occupancies, and troubleshoot our lighting, refrigeration, heating, cooling and exhaust systems.
- A pilot energy-demand management program in three stores, which expanded to more than 100 stores in 2008, reduces our energy demand during peak periods by temporarily adjusting our energy-consuming building systems. This helps utilities avoid brown-outs or avoid operating less efficient power generation.
- We've re-evaluated our standards for temperature set points, lighting levels and equipment run times to identify savings opportunities and are making changes accordingly.
- We have expanded the use of improved electric and natural-gas meters in stores to help measure our usage and identify opportunities for improving efficiency.
- We're evaluating the feasibility of using more renewable energy sources at our Target facilities. Renewable sources include solar panels, wind and fuel cells.
- Rebates and incentives from utility companies make it financially feasible for us to install more energy-efficient equipment (like lighting and HVAC systems) in new stores, and replace existing equipment with more efficient models in older stores.
- In 2007, we created a department to focus on "building commissioning"—an emerging facilities-management approach that creates a system to verify that our energy consumption in new and existing stores is as efficient as possible. Commissioning helps us continuously improve the way we design, build, operate and maintain our stores, with a focus on extending the service life of our equipment and reducing ongoing maintenance costs. We're one of just a few retailers that uses this approach and we'll build on our early successes by continuing to refine the process.

- Target is one of nine retailers working with the Department of Energy (DOE) and several national laboratories to develop a new store building design with 50 percent improved energy performance over existing standards within the next few years. We also will produce a retrofit design for an existing store with 30 percent improved energy efficiency. This research will be shared for others to use.



Energy-Saving Light Technology: By the Numbers

Shifting our overnight cleaning schedules and reducing our overnight lighting levels in our stores

\$10 million annual savings

Retrofitting existing store four-lamp fixtures to two lamps

400,000 fewer fluorescent lamps used and
\$4.5 million annual energy savings

Adding LED Lighting and Motion Sensors to Reach-in Freezer and Cooler Door Cases

50% savings in energy costs in these areas

Implementing more energy-efficient fluorescent lamps

\$2 million annual savings

Implementing temperature setpoint changes and methods of controlling heating and air conditioning systems

\$4 million annual savings

Target's newest prototype store developed for 2009 has energy features providing an average of 16 percent energy reduction versus our previous prototype. Our previous prototype was recognized by many utilities as one of the most energy efficient designs in retail.

Renewable Energy

The market for renewable energy sources like solar and wind power is still new enough that it's often cost prohibitive. However, we're seeing incremental changes in many areas in which we operate. For example, in California:

- We have a multi-year energy-supply contract with the Fortistar Methane Group, which harnesses methane gas from landfills to produce clean energy.
- We currently harvest solar energy at 21 stores.
- We are investigating ways to maximize renewable energy credits from the government.
- We will involve our Procurement team to negotiate the best rates for solar panel installation.
- We are considering ways to ensure that roofs on future stores will accommodate solar collection systems.

LEED Standards

We've incorporated sustainable attributes in the design and building of our stores for years. Today, we use the Leadership in Energy and Environmental Design (LEED) rating system, developed by the U.S. Green Building Council (USGBC), as a guide for the design, construction and operation of high-performance green buildings. Five stores are LEED certified.

A former trucking facility site that we redeveloped in the McKinley Park neighborhood of Chicago was the first U.S. Green Building Council Leadership in Energy and Environmental Design (LEED)-certified Target store. Four others have followed: Morgan Park, Chicago; Peterson Avenue, Chicago; Allen Park, Mich.; and Stafford Township, N.J.

We're using our design and construction expertise to help the USGBC create a simplified, cost-effective LEED certification process for retail stores. Target is one of 38 companies participating in the USGBC Pilot Portfolio Program, which aims at certifying a large number of buildings. The program explores retailers' unique needs, like ensuring that windows and lighting are environmentally friendly but also meet our high standards for keeping guests and team members safe.

Developer Guidelines

Our Target Developer Guide spells out environmental requirements for our partners in building new stores and guest parking. Among other things, we require:

- Low emissions of volatile organic compounds (VOCs) from carpet, adhesives, sealants and paints
- Locally manufactured construction materials (when feasible)
- Steel bar joists and concrete building components fabricated from recycled materials
- Recyclable white roofing membranes that reflect the sun's heat, reduce our stores' "heat island" effect, and don't contaminate rainwater runoff
- Indigenous plants and grasses to the area for lawn and landscaping
- GreenGuard- and Energy Star-certified office furnishings and equipment
- Outdoor lighting fixtures that reduce light pollution and offer full cutoff
- Energy-management systems we can monitor from our Minneapolis headquarters



Protecting Water and Land

To comply with regulations, wherever we build stores, we work closely with local agencies to protect local water quality, conserve water supplies and preserve wildlife habitats, including wetlands, surface water and woodlands.

Managing stormwater runoff to prevent contaminants from entering bodies of water is one crucial task. To manage stormwater, our stores, DCs and headquarters locations typically have various physical structures, including retention or detention ponds, catch basins, rain gardens, underground detention chambers and pervious concrete or bioswales. Target's stormwater management system ensures that these structures are periodically assessed and maintained to ensure they function as designed.

We manage stormwater throughout the life of the building, as well as during the construction phase. We train our construction teams to be aware of soil and erosion-control management

practices, and go beyond regulatory requirements to ensure stormwater compliance by performing periodic third-party owner's inspection on new stores and remodels under construction.

Our store designers use Low Impact Development (LID) design techniques where permissible to mimic the way rainwater would have percolated naturally through a site before there was anything built on it.

LID techniques include pervious pavement and infiltration systems, rain gardens and bioretention systems. LID improves water quality and results in more aesthetically pleasing landscapes.



Target maintains 27 rain gardens in the parking lot landscaping islands at the T-1448, Lino Lakes, Minn. store. Rain gardens mimic the natural environment by infiltrating stormwater through native plants and soil for water quality and quantity treatment. An invasive species removal project was conducted at the site in 2008, and in 2009, structural repairs are being made to the landscaping islands with rain gardens. A specialized native plantings contractor continually monitors the site for function and brand appearance.

Roughly 40 percent of the T-2530, Greenland, N.H. store parking lot was installed with pervious asphalt for stormwater treatment. This type of asphalt allows stormwater to drain through the pavement surface into a stone recharge bed and infiltrate into the soils below the pavement. It serves as both stormwater quality and quantity treatment without adding extra land area to the site for stormwater needs.

Other Success Stories

- Target re-built the stream embankment along Blacklick Creek, a protected waterbody running adjacent to our property, during the construction of our T-2450, Reynoldsburg, Ohio store. The property adjacent to the creek will be preserved into perpetuity by Target and the site developer with conservation easements.
- In an effort to preserve the high value wetland on site, T-2372, South Anchorage, Alaska, was able to preserve approximately 1.75 acres of wetland in the middle of our shopping center parking area. As part of the construction activities, Target timed construction around the wetland to ensure that we did not impact nesting migrant birds. Target installed stormwater treatment devices to remove all sediment and debris before stormwater enters the wetland and also eliminated the use of salt on the parking lot.

Economic Responsibility.

We make a strong brand promise to our guests: Expect More. Pay Less.® Our financial commitment to our shareholders is equally important: to generate a superior return on the capital we invest. To deliver on this objective, we remain dedicated to careful site selection for new stores; innovative merchandising and marketing to drive profitable sales; disciplined control of inventory and expenses; and a thoughtful approach to managing our capital structure. We also maintain a well-defined corporate governance strategy and a strong commitment to ethical operations and consistent, transparent financial disclosure.



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 at Target.com/investors.

Corporate Governance Profile

For information, visit Target.com/investors and click on "Corporate Governance," then "Governance Guidelines."

Business Conduct Guide

For information, visit Target.com/investors and click on "Corporate Governance," then "Business Conduct Guide."

Financial Summary Continuing Operations

	2008	2007	2006 (a)	2005	2004	2003
Financial Results: (in millions)						
Sales	\$62,884	\$61,471	\$57,878	\$51,271	\$45,682	\$40,928
Credit card revenues	2,064	1,896	1,612	1,349	1,157	1,097
Total revenues	64,948	63,367	59,490	52,620	46,839	42,025
Cost of sales	44,157	42,929	40,366	35,788	32,226	29,057
Selling, general and administrative expenses (b)	12,954	12,670	11,852	10,324	9,016	7,989
Credit card expenses	1,609	837	707	776	737	722
Depreciation and amortization	1,826	1,659	1,496	1,409	1,259	1,098
Earnings from continuing operations before interest expense and income taxes (c)	4,402	5,272	5,069	4,323	3,601	3,159
Net interest expense	866	647	572	463	570	556
Earnings from continuing operations before income taxes	3,536	4,625	4,497	3,860	3,031	2,603
Provision for income taxes	1,322	1,776	1,710	1,452	1,146	984
Earnings from continuing operations	\$ 2,214	\$ 2,849	\$ 2,787	\$ 2,408	\$ 1,885	\$ 1,619
Per Share:						
Basic earnings per share	\$ 2.87	\$ 3.37	\$ 3.23	\$ 2.73	\$ 2.09	\$ 1.78
Diluted earnings per share	\$ 2.86	\$ 3.33	\$ 3.21	\$ 2.71	\$ 2.07	\$ 1.76
Cash dividends declared	\$ 0.62	\$ 0.54	\$ 0.46	\$ 0.38	\$ 0.31	\$ 0.27
Financial Position: (in millions)						
Total assets	\$44,106	\$44,560	\$37,349	\$34,995	\$32,293	\$27,390
Capital expenditures	\$ 3,547	\$ 4,369	\$ 3,928	\$ 3,388	\$ 3,068	\$ 2,738
Long-term debt, including current portion	\$18,752	\$16,590	\$10,037	\$ 9,872	\$ 9,538	\$11,018
Net debt (d)	\$18,562	\$15,238	\$ 9,756	\$ 8,700	\$ 7,806	\$10,774
Shareholders' investment	\$13,712	\$15,307	\$15,633	\$14,205	\$13,029	\$11,132
Retail Segment Financial Ratios:						
Comparable-store sales growth (e)	(2.9%)	3.0%	4.8%	5.6%	5.3%	4.4%
Gross margin (% of sales)	29.8%	30.2%	30.3%	30.2%	29.5%	29.0%
SG&A (% of sales) (f)	20.4%	20.4%	20.3%	19.9%	19.6%	19.4%
EBIT margin rate (% of sales)	6.5%	7.1%	7.4%	7.5%	7.2%	7.0%
Other:						
Common shares outstanding (in millions)	752.7	818.7	859.8	874.1	890.6	911.8
Cash flow provided by operations (in millions)	\$ 4,430	\$ 4,125	\$ 4,862	\$ 4,451	\$ 3,808	\$ 3,188
Revenues per square foot (g)(h)	\$ 301	\$ 318	\$ 316	\$ 307	\$ 294	\$ 287
Retail square feet (in thousands)	222,588	207,945	192,064	178,260	165,015	152,563
Square footage growth	7.0%	8.3%	7.7%	8.0%	8.2%	8.8%
Total number of stores	1,682	1,591	1,488	1,397	1,308	1,225
General merchandise	1,443	1,381	1,311	1,239	1,172	1,107
SuperTarget	239	210	177	158	136	118
Total number of distribution centers	34	32	29	26	25	22

(a) Consisted of 53 weeks.

(b) Also referred to as SG&A.

(c) Also referred to as EBIT.

(d) Including current portion and short-term notes payable, net of domestic marketable securities of \$190, \$1,851, \$281, \$1,172, \$1,732 and \$244, respectively. Management believes this measure is a more appropriate indicator of our level of financial leverage because marketable securities are available to pay debt maturity obligations.

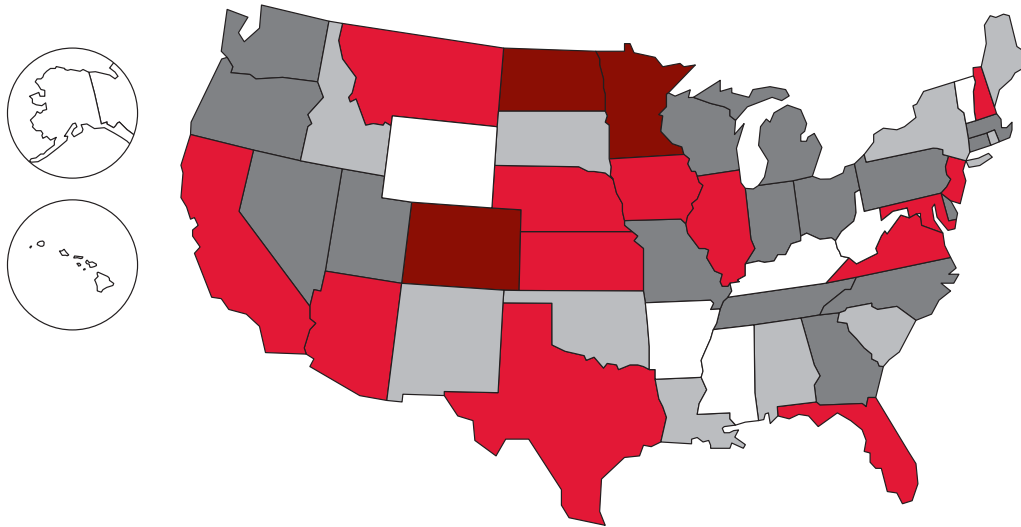
(e) See definition of comparable-store sales in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

(f) New account and loyalty rewards redeemed by our guests reduce reported sales. Our Retail Segment charges these discounts to our Credit Card Segment, and the reimbursements \$117 million, \$114 million, \$109 million, \$98 million, \$80 million and \$67 million, respectively, are recorded as a reduction to SG&A within the Retail Segment.

(g) Thirteen-month average retail square feet.

(h) In 2006, revenues per square foot were calculated with 52 weeks of revenues (the 53rd week of revenues was excluded) because management believes that these numbers provide a more useful analytical comparison to other years. Using our revenues for the 53-week year under generally accepted accounting principles, 2006 revenues per square foot were \$322.

2008 Sales Per Capita



YEAR-END STORE COUNT AND SQUARE FOOTAGE BY STATE

Sales per Capita Group	No. of Stores	Retail Sq. Ft. (in thousands)	Sales per Capita Group	No. of Stores	Retail Sq. Ft. (in thousands)
Over \$300			\$101-\$150		
Colorado	41	6,089	Alabama	19	2,681
Minnesota	73	10,481	Idaho	6	664
North Dakota	4	554	Louisiana	14	1,980
Group Total	118	17,124	Maine	5	630
			New Mexico	9	1,024
\$201-\$300			New York	62	8,328
Arizona	48	6,296	Oklahoma	12	1,708
California	236	30,909	Rhode Island	4	517
Florida	122	16,998	South Carolina	18	2,224
Illinois	85	11,471	South Dakota	4	446
Iowa	21	2,855	Group Total	153	20,202
Kansas	19	2,577			
Maryland	36	4,644	\$0-\$100		
Montana	7	780	Alaska	2	333
Nebraska	14	2,006	Arkansas	7	890
New Hampshire	8	1,023	District of Columbia	1	179
New Jersey	42	5,489	Hawaii	0	0
Texas	143	19,815	Kentucky	12	1,383
Virginia	55	7,289	Mississippi	5	616
Group Total	836	112,152	Vermont	0	0
			West Virginia	5	627
\$151-\$200			Wyoming	2	187
Connecticut	19	2,545	Group Total	34	4,215
Delaware	2	268			
Georgia	54	7,374	Total	1,682	222,588
Indiana	33	4,377			
Massachusetts	31	3,945			
Michigan	60	7,110			
Missouri	35	4,582			
Nevada	16	2,056			
North Carolina	47	6,156			
Ohio	63	7,826			
Oregon	18	2,180			
Pennsylvania	51	6,552			
Tennessee	31	3,949			
Utah	11	1,679			
Washington	35	4,097			
Wisconsin	35	4,199			
Group Total	541	68,895			

Sales per capita is defined as sales by state divided by state population.

Financial Services

Our company has more than 100 years of experience in granting, underwriting and servicing credit for our guests. That experience has allowed us to develop and manage a profitable credit card portfolio. Our primary credit products include the Target® Visa® Credit Card and Target Credit Card®. We also offer the Target Check Card®, a debit card. Collectively, these three products are known as REDcardsSM. Our REDcardSM products offer rewarding benefits including discounts and the opportunity to give back to cardholders' communities through Take Charge of Education®.

Built on our experience and dedication to guest satisfaction, Target developed a system that determines when a guest in-lane should receive an invitation to apply for a REDcard. Guests are assured that they'll never receive a credit offer from Target in their mailbox, or anywhere outside of our stores or Web site, nor will they receive teaser rates or confusing balance transfer offers. Should the guest accept the offer and proceed to apply, personal information is safeguarded at all times. Protecting the guest's data and ensuring that system stability isn't compromised is always a top priority.

As a result of the Credit CARD Act that passed in May 2009, Target is actively working to implement necessary changes to our policies. In fact, Target has never participated in many of the most-scrutinized practices, including double-cycle billing, over-limit fees and universal default.

Our commitment to guest satisfaction is present not only in the products we offer, but in the services we provide. For a number of years, Target's Collections team has received outstanding reviews from our guests. In fact, more than 90 percent of guests interacting with our Collections team have reported they were equally or more likely to shop at Target after the call. We have also improved our self-serve Web site, which gives our guests an easy-to-use way to manage their credit account, while also inviting them to suppress their paper statements, saving both money and trees.

In addition to REDcards, Target GiftCards have a strong history of delighting our guests. Our GiftCard promise "No fee. No expiration. No kidding®." distinguishes us from many other gift card issuers. Our fun designs (we hold more than 20 patents on our GiftCard designs) are sure to be appropriate and exciting for any gift recipient and occasion. Many of our GiftCards serve as two gifts in one; they light up, make noises, take pictures, and are coupled with useful or fun items like a Barbie dress. Target GiftCards are available throughout every store and online at Target.com/GiftCards.



Corporate Governance

Target Corporation has supported sound corporate governance practices for decades. Many of the practices and policies that guide the company today were initiated more than 50 years ago by the Dayton brothers during their tenure as the company's leaders. Our strong beliefs about the elements that constitute good governance—including an independent board highly accountable to shareholders—have been maintained and built upon year after year by the company's directors and senior officers.

We continually review and improve upon our governance principles in response to the evolving governance environment. For example, over the last three years we have: adopted a majority voting standard in uncontested director elections; discontinued our "poison pill"; and disclosed Target's corporate political contribution activities in this report. To read our full corporate governance guidelines, visit Target.com/investors.

Business Conduct Guide

We set a high standard for our conduct: Every Target team member, officer and director is obligated to act at all times with honesty and integrity. We expect team members to bring good judgment and integrity to every business decision. We're committed not only to maintaining legal compliance but to operating our business with the highest legal and ethical standards, which supports our reputation as being the best for our guests, team members, shareholders and communities.

In spring 2009, *Ethisphere* magazine recognized our commitment to ethical conduct in ranking Target among the world's most ethical companies for the third year in a row. In its

audit of more than 10,000 companies across 30 industries, the magazine recognized companies that "have demonstrated an understanding that ethical practices are not only necessary, but can support a stronger and more solid business overall." Our reputation for legal and ethical behavior enhances our brand.

Every Target team member has access to our Business Conduct Guide, which details our expectations for team member conduct and guides team members to make the right decisions; we expect our team members to know and comply with our policies. In 2008, we launched the Integrity@Target Web site, a centralized resource for our business conduct and compliance policies, training and other related information.

Additionally, each supervisor is responsible for ensuring that their team members are aware of the company's commitment to ethical and legal business conduct; of course, no supervisor or manager may require or in any way imply that a team member should act illegally. Team members can ask for confidential ethics and compliance advice about any business decision or situation by writing to the Corporate Compliance and Ethics team or by e-mailing Integrity@Target.com.



We investigate all credible allegations of violations of company policies and applicable law. Team members can make reports anonymously where permitted by law. Even in such circumstances, the identity of the person making a report 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. Team members who raise their concerns will not be subject to retaliation for reporting suspected violations in good faith; those who identify themselves will receive confirmation that the report was received and, in most instances, will be notified of actions taken.

Reports that raise material concerns about our accounting practices, internal controls or audit matters are referred to our Audit Committee. Any waiver of a provision of the Business Conduct Guide applicable to our executive officers or directors may be made only by our company's board of directors or a board committee designated for that purpose, and will be promptly disclosed to shareholders.

Corporate Compliance and Ethics Team

As regulatory complexities increase, it's more important than ever to focus our attention on conducting business in a legal and ethical manner. In 2009, we're continuing to develop our team to better manage compliance activities. Previously, our compliance efforts were compartmentalized across the company; today, cross-company coordination is essential.

To meet that challenge, our Corporate Compliance and Ethics team, led by Corporate Risk and Responsibility, amplifies our focus on compliance using a streamlined approach without bureaucracy. Overseen by a Corporate Compliance Committee, made up of Executive Committee members, the Corporate Compliance and Ethics team guides our efforts, while individual groups continue to own specific compliance requirements.

For example, each business unit has identified team members who will coordinate with the Corporate Compliance and Ethics team to improve the compliance process in their respective areas. And, given the growing importance of health care compliance and information security governance, we're establishing functions to focus specifically on these two areas.

This new compliance structure integrates our efforts under a central team answering directly to Target's senior leaders and board of directors, gives us greater insight into corporate compliance risks, helps us develop better tactics and enables us to become more effective and efficient by sharing best practices and common tools.

How Team Members Can Report Concerns

It's every team member's responsibility to understand the guidelines contained in the Business Conduct Guide, to act responsibly and to report unethical or illegal business practices. Several options are available for reporting.

Company policy violations and violations of law can be reported to:

- The team member's supervisor
- Human Resources
- The Employee Relations and Integrity Hotline, 800-541-6838, or outside the United States, 704-556-7046
- The Corporate Compliance and Ethics team directly by sending an e-mail to Integrity@Target.com
- Target Corporation, 1000 Nicollet Mall, Minneapolis, MN 55403, Attention: Corporate Compliance and Ethics team, TPN-11

2008 Awards and Recognition

Award	Ranked by
Target ranked 14th among 119 of the “Best Places to Launch a Career”	<i>BusinessWeek</i>
Target ranked 20th of the “50 Best Places to Intern”	<i>BusinessWeek</i>
Target named among “Most Innovative Companies”	<i>BusinessWeek</i>
Target ranked 6th among Top 100 Employers	<i>Black Collegian</i> magazine
Target ranked one of “America’s Most Admired Companies”	<i>Fortune</i> magazine
Target named one of the “World’s Most Ethical Companies”	<i>Ethisphere</i> magazine
Target ranked 31st in 500 Largest U.S. Corporations	<i>Fortune</i> magazine
Target Bullseye named the champion in “Company Logo Smackdown”	<i>Fortune</i> magazine

2009

Target ranked 41st on the list of “America’s Most Reputable Companies”	<i>Forbes</i>
Target ranked one of the “World’s Most Ethical Companies”	<i>Ethisphere</i> magazine
Target named one of “25 Noteworthy Companies for Diversity”	<i>DiversityInc</i>
Target named one of “America’s Most Shareholder-Friendly Companies”	<i>Institutional Investor</i> magazine
Target named one of “America’s Most Popular Stores”	<i>Forbes</i>
Target recognized as “Best in Class for Corporate Governance”	Governance Metrics International (GMI)
Target ranked 19th of 363 companies on the list of “World’s Most Admired Companies”	<i>Fortune</i> magazine
Target ranked 11th among the “Top 100 Employers of the Class of 2009”	<i>Black Collegian</i> magazine
Target named one of the “Best Places to Work for Recent Grads”	Experience.com
Target recognized on Dow Jones Sustainability North America Index	Dow Jones
Target ranked 8th on the list of “Best Places to Launch a Career”	<i>BusinessWeek</i>

GRI Index

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**For more information about Target Corporation,
or our initiatives and commitments related to
corporate responsibility, send an e-mail to:**

investorrelations@Target.com

or write to:

**Target Corporation
Attention: Investor Relations, TPN-11
1000 Nicollet Mall
Minneapolis, MN 55403**