This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements speak only as of the date they are made and are subject to risks and uncertainties, and certain assumptions, which could cause the company's actual results to differ materially. The most important risks, uncertainties, and assumptions are described in Item 1A of the company’s Form 10-K for the fiscal year ended February 2, 2013.
Target First Quarter “Headlines”

• Comparable-store sales down 0.6%

• Earnings results below expectations:
  • Adjusted EPS of $1.05, down 5.0%
  • GAAP EPS of $0.77, down 26.0%
Beneath the Headlines

Sales

• Unfavorable weather
  • 6 to 7pp gap in comp sales between seasonal and non-seasonal categories

• Economic challenges
  • Guest surveys: aware of payroll tax increase and adjusting spending

• Faced the hardest comparison of the year
  • Q1 2012 comp: 5.3%
  • Full-year 2012 comp: 2.7%
Beneath the Headlines
Adjusted EPS

• Expense pressure:
  • Income from credit card portfolio
  • Impact of technology investments
  • Lack of leverage on comp sales decline
Beneath the Headlines

GAAP EPS

• Adjusted EPS performance along with:
  • Dilution related to Canadian Segment launch: (24)¢
  • Loss on early retirement of debt: (41)¢
  • Net gains on credit card receivables sale: 36¢
Beneath the Headlines
Bottom Line

• Disappointed in results
• Confident in our strategy and our ability to drive strong results over time
Where Are We Going?
REDcard Rewards

The REDcard* saves you an additional 5% off our already low prices on each and every Target® trip. Don't have the card? Open a REDcard in store today.

*5% REDcard® Reward. You will receive 5% off purchases paid for with your REDcard at Target stores and Target© credit (Target® Debit Card™ cannot be used on Target© cards), except on prescriptions, Target gift cards and prepaid cards, Target® GiftCards™, Target© debit and Target© gift cards* for fees, exchange of any merchandise Target gift cards received in the transactions. See program rules in store or at Target.com for details.

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Penetration Over Course of 5% Rewards

Penetration Rate

Months Since Start of 5% Rewards

KC
Penetration Over Course of 5% Rewards

Penetration Rate vs. Months Since Start of 5% Rewards

- KC
- Nation

Penetration Rate:
- 0%
- 5%
- 10%
- 15%
- 20%
- 25%

Months Since Start of 5% Rewards:
- 0
- 10
- 20
- 30
5% Rewards & Guest Engagement
5% Rewards & Guest Engagement
Where Are We Going?
Canada
Where Are We Going?  
Multichannel Initiatives

• Mobile apps and tools
Where Are We Going?
Multichannel Initiatives
Where Are We Going?
Multichannel Initiatives

• Flexible fulfillment pilots
  • Pay online, pick-up in store
  • Pay in store, hold for pick-up at another store
  • Pay online, ship from store
  • Google & eBay same-day delivery pilot
Where Are We Going?
CityTarget
Where Are We Going?
Financial Model

• Strong operations

• Disciplined investing
  • 2014 CAPEX plans:
    • Stable in the U.S. (shifting mix toward multichannel)
    • Down $1 billion+ in Canada

• Increasing ROIC

• Return of cash to shareholders
  • Dividends
  • Share Repurchase
Annual Dividend

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<tr>
<th>Year</th>
<th>Dividend</th>
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<tr>
<td>2007</td>
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<td>2012</td>
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CAGR = 20%
Year-End Share Count
(in millions)

Average Annual Reduction = 4.5%