TARGET CORP
Form DEF 14A
April 11, 2005

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SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §240.14a-12

Target Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

ý No fee required

o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11
(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5)

Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

1000 Nicollet Mall
Minneapolis, Minnesota 55403
(612) 304-6073

PROXY STATEMENT
Annual Meeting of Shareholders
May 18, 2005

VOTING METHODS

The accompanying Proxy Statement describes important issues affecting Target Corporation ("Target"). If you are a shareholder of record, you have the right to vote your shares through the Internet, by telephone or by mail. You may also revoke your proxy any time before the Annual Meeting. Please help us save time and postage costs by voting through the Internet or by telephone. Each method is generally available 24 hours a day and will ensure that your vote is confirmed and posted immediately. To vote:

1. **BY INTERNET**

   a. Go to the web site at **www.proxyvote.com**, 24 hours a day, seven days a week.

   b. Enter the 12-digit number that appears in the box on the right side of the proxy card.

   c. Follow the simple instructions.

2. **BY TELEPHONE**

   a. On a touch-tone telephone, call toll-free **1-800-690-6903**, 24 hours a day, seven days a week.

   b. Enter the 12-digit number that appears in the box on the right side of the proxy card.

   c. Follow the simple recorded instructions.

3. **BY MAIL**

   (Do not mail the proxy card if you are voting by Internet or telephone.)

   a. Mark your selections on the proxy card.

   b. Date and sign your name exactly as it appears on your proxy card.

   c. Mail the proxy card in the enclosed postage-paid envelope.

If your shares are held in the name of a bank, broker or other holder of record, you will receive instructions from the holder of record that you must follow in order for your shares to be voted.

Your vote is important. Thank you for voting.

ADMISSION POLICY

All shareholders as of the record date, or their duly appointed proxies, may attend the Annual Meeting of Shareholders on May 18, 2005. Seating, however, is limited. Admission to the meeting is on a first-come, first-served basis. Seating begins at approximately 9:00 a.m. To be admitted to the meeting, you are required to present the admission ticket attached to the enclosed proxy card and your photo identification. If you elected to receive shareholder materials electronically, you must request an admission ticket by e-mailing investorrelations@target.com, which may be picked up at a special registration table prior to the meeting. Please be prepared to show your photo identification. Cameras and recording devices are not permitted at the meeting.

Please note that if you hold shares in "street name" (that is, through a bank, broker or other nominee), to obtain an admission ticket you will need to bring your photo identification and a copy of a statement reflecting your share ownership as of the record date and check in at the registration desk at the meeting. If you attend as a representative of an entity that owns shares of record, you will need to bring proper identification indicating your authority to represent that entity.

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Minneapolis, Minnesota 55403
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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TIME	9:30 a.m., Central Daylight Time, on Wednesday, May 18, 2005
PLACE	The Children's Theatre 2400 Third Avenue South Minneapolis, Minnesota
ITEMS OF BUSINESS	(1) To elect two directors for three-year terms. (2) To approve the appointment of Ernst & Young LLP as our independent registered public accounting firm. (3) To act upon any other business that may properly come before the meeting.
RECORD DATE	You may vote if you are a shareholder of record at the close of business on March 21, 2005.
ANNUAL REPORT	Our 2004 Annual Report, which is not part of the proxy soliciting material, is enclosed.
PROXY VOTING	It is important that your shares be represented and voted at the Annual Meeting. Please vote in one of these three ways: (1) VISIT THE WEB SITE shown on your proxy card to vote through the Internet, (2) USE THE TOLL-FREE TELEPHONE NUMBER shown on the proxy card, **OR** (3) MARK, SIGN, DATE AND PROMPTLY RETURN the enclosed proxy card in the postage-paid envelope. Any proxy may be revoked at any time prior to its exercise at the Annual Meeting.

Timothy R. Baer
Corporate Secretary

Approximate Date of Mailing of Proxy
Material: April 11, 2005

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1000 Nicollet Mall
Minneapolis, Minnesota 55403

PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS
May 18, 2005

The Board of Directors of Target Corporation solicits the enclosed proxy for the Annual Meeting of Shareholders to be held at The Children's Theatre, 2400 Third Avenue South, Minneapolis, Minnesota, on Wednesday, May 18, 2005, at 9:30 a.m., Central Daylight Time, and for any adjournment thereof.

GENERAL INFORMATION ABOUT THE MEETING AND VOTING

What is the purpose of the Annual Meeting?

At our Annual Meeting, shareholders will act upon the matters described in the accompanying notice of meeting, including the election of two directors and appointment of our independent registered public accounting firm. In addition, our management will report on Target's performance during fiscal 2004 and respond to questions from shareholders.

Who may vote?

We have one class of voting shares outstanding. Only shareholders of record of our Common Stock at the close of business on the record date, March 21, 2005, are entitled to receive notice of the Annual Meeting and to vote the shares of Common Stock that they held on the record date, at the meeting, or any postponement or adjournment of the meeting. As of the record date for the Annual Meeting, each share of Common Stock had one vote on each matter to be voted upon.

Who may attend the Annual Meeting?

All shareholders as of the record date, or their duly appointed proxies, may attend the Annual Meeting of Shareholders on May 18, 2005. Seating, however, is limited. Admission to the meeting is on a first-come, first-served basis. Seating begins at approximately 9:00 a.m. To be admitted to the meeting, you are required to present the admission ticket attached to the enclosed proxy card and your photo identification. If you elected to receive shareholder materials electronically, you must request an admission ticket by e-mailing investorrelations@target.com, which may be picked up at a special registration table prior to the meeting. Please be prepared to show your photo identification. Cameras and recording devices are not permitted at the meeting.

Please note that if you hold shares in "street name" (that is, through a bank, broker or other nominee), to obtain an admission ticket you will need to bring your photo identification and a copy of a statement reflecting your share ownership as of the record date and check in at the registration desk at the meeting. If you attend as a representative of an entity that owns shares of record, you will need to bring proper identification indicating your authority to represent that entity.

What constitutes a quorum?

The presence at the meeting, in person or by proxy, of the holders of a majority of our Common Stock outstanding on the record date will constitute a quorum, permitting the meeting to conduct its business. As of the record date, 885,553,006 shares of our Common Stock were outstanding. Proxies received but marked as abstentions and broker non-votes will be included in the calculation of the number of shares considered to be present at the meeting for purposes of determining whether there is a quorum.

May I vote by proxy card, by telephone or through the Internet?

You may vote by completing and properly signing the enclosed proxy card and returning it to us in the envelope provided. If you are a registered shareholder (those whose shares are owned in their name and not in "street name") and attend the meeting, you may deliver your completed proxy card in person. In addition, registered shareholders may vote either by telephone or through the Internet by following the instructions on the inside of the front cover of these materials. "Street name" shareholders who wish to vote at the meeting will need to obtain a proxy form from the institution that holds their shares.

May I vote confidentially?

Yes. Our policy is to treat all shareholder meeting proxies, ballots and voting tabulations of a shareholder confidentially, if the shareholder has requested confidentiality on the proxy or ballot.

If you so request, your proxy will not be available for examination nor will your vote be disclosed prior to the tabulation of the final vote at the Annual Meeting except (i) to meet applicable legal requirements, (ii) to allow the independent election inspectors to count and certify the results of the vote or (iii) where there is a proxy solicitation in opposition to the Board of Directors, based upon an opposition proxy statement filed with the Securities and Exchange Commission (SEC). The independent election inspectors may at any time inform us whether or not a shareholder has voted.

May I change my vote?

Yes. Even after you have submitted your proxy, you may change your vote at any time before the proxy is exercised by filing with our Corporate Secretary either a notice of revocation or a duly executed proxy bearing a later date. Alternatively, if you have voted by telephone or through the Internet, you may change your vote by calling the toll-free number again and following the instructions, or by accessing the web site and following the instructions. The powers of the proxy holders will be suspended if you attend the meeting in person and so request, although attendance at the meeting will not by itself revoke a previously granted proxy.

How does the Board recommend I vote?

Unless you give instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board of Directors. The Board's recommendation is set forth together with the description of each item in this Proxy Statement. In summary, the Board of Directors recommends a vote:

FOR election of the director nominees (see pages 5-27); and

FOR approval of the appointment of Ernst & Young LLP as Target's independent registered public accounting firm (see page 28).

With respect to any other matter that properly comes before the meeting, the proxy holders will vote as recommended by the Board of Directors or, if no recommendation is given, in their own discretion.

How many votes are required to approve each item?

Election of Directors. The affirmative vote of a plurality of the votes cast is required for the election of Directors. The two nominees receiving the highest number of votes will be elected. For this purpose, a properly executed proxy marked "WITHHELD" with respect to the election of director nominees will be counted for purposes of determining whether there is a quorum, but will not be considered to have been voted in favor of the director nominee with respect to whom authority has been withheld.

Other Items. For appointment of our independent registered public accounting firm and any other items that properly come before the meeting, the affirmative vote of the greater of (i) a majority of the outstanding shares of our Common Stock entitled to vote on the item and present in person or by proxy at the Annual Meeting, and (ii) a majority of the minimum number of shares entitled to vote that would constitute a quorum for the transaction of business at the Annual Meeting, will be required for approval provided that a quorum is present in person or by proxy. A properly executed proxy marked "ABSTAIN" with respect to any such matter will be counted for purposes of determining whether there is a quorum and will be considered present in person or by proxy and entitled to vote. Accordingly, an abstention will have the effect of a negative vote.

What is a broker non-vote?

If you hold your shares in street name and do not provide voting instructions to your broker, your shares will not be voted on any proposal on which your broker does not have discretionary authority to vote. In this situation, a "broker non-vote" occurs. Shares constituting broker non-votes are not counted or deemed to be present or represented for the purpose of determining whether shareholders have approved a matter, but they are counted as present for the purpose of determining a quorum at the Annual Meeting.

What if other matters are presented for determination at the Annual Meeting?

As of the date of this Proxy Statement, management knows of no matters that will be presented for determination at the meeting other than those referred to herein. If any other matters properly come before the meeting calling for a vote of shareholders, proxies in the enclosed form returned to us will be voted in accordance with the recommendation of the Board of Directors, or, in the absence of such a recommendation, in accordance with the judgment of the proxy holders.

Who pays the expenses incurred in connection with the solicitation of proxies?

Expenses in connection with the solicitation of proxies will be paid by us. Proxies are being solicited principally by mail, by telephone and through the Internet. We have retained Georgeson Shareholder Communications Inc. to act as a proxy solicitor for a fee estimated to be $20,000, plus reimbursement of out-of-pocket expenses. In addition, our directors, officers and regular employees may solicit proxies personally or by e-mail, telephone, fax or special letter. We may reimburse brokerage firms and others for their expenses in forwarding proxy materials to the beneficial owners of our shares.

How may I get additional copies of the Annual Report?

Our Annual Report for the fiscal year ended January 29, 2005, including financial statements, is enclosed. The Annual Report is also available online at www.target.com (click on "Investors" and "Financial Reports & Filings"). For additional printed copies, please contact our Investor Relations representative by e-mail at investorrelations@target.com, by mail to the address listed on the cover of this Proxy Statement, Attention: Investor Relations, by telephone at (612) 761-6736, or online at www.target.com (click on "Investors" and "Literature Request").

How may I receive materials through the Internet?

As described more specifically in the immediately preceding question, you can obtain copies of our proxy materials, Annual Report and other periodic reports and information under the "Investors" section of our web site, www.target.com. You can also register at this same location to receive e-mail alerts when we post new information on our web site (click on "E-Mail Alerts").

How may I elect to receive shareholder materials electronically and to discontinue my receipt of paper copies?

Shareholders may request electronic delivery of our proxy materials and Annual Report online at www.target.com (click on "Investors" and "Enrollment for e-Delivery of Annual Meeting Materials"). To receive other shareholder information, contact us via e-mail at investorrelations@target.com.

COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL SHAREHOLDER RETURN

	Fiscal Years Ended					
	2000	**2001**	**2002**	**2003**	**2004**	**2005**
Target	100	117.55	138.65	90.80	123.07	165.68
S&P 500 Index	100	99.82	84.14	65.24	87.80	93.26
Peer Group	100	105.52	110.72	81.51	107.94	118.89

The graph above compares the cumulative total shareholder return on our Common Stock for the last five fiscal years with cumulative total return on the S&P 500 Index and a peer group consisting of the companies comprising the S&P 500 Retailing Index and the S&P 500 Food and Drug Retailing Index (the "Peer Group") over the same period. The graph assumes the investment of $100 in Target Common Stock, the S&P 500 Index and the Peer Group on January 31, 2000, and reinvestment of all dividends. We believe that this peer group, which consists of 39 general merchandise, food and drug retailers such as Albertsons Inc., Best Buy Co., Inc., Costco Wholesale Corporation, CVS Corporation, Dillard's, Inc., eBay Inc., Gap Inc., The Home Depot, Inc., Kohl's Corporation, The Kroger Company, The May Department Stores Company, Nordstrom, Inc., J.C. Penney Company, Inc., SUPERVALU Inc., Wal-Mart Stores, Inc. and Walgreen Co., among others, is an appropriate benchmark for measuring our shareholder return.

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ITEM ONE ELECTION OF DIRECTORS

Director Nominees

Proxies solicited by the Board of Directors will, unless otherwise directed, be voted for the election of two nominees to serve as Class II directors for three-year terms expiring in 2008 and until their successors are elected. The two nominees are Roxanne S. Austin and James A. Johnson. Both of the nominees are currently directors.

The Board of Directors has no reason to believe that either of the nominees is not available or will not serve if elected. If for any reason either nominee becomes unavailable for election, the Nominating Committee of our Board of Directors may designate substitute nominees, in which event the shares represented by proxies returned to us will be voted for such substitute nominees, unless an instruction to the contrary is indicated on the proxy.

General Information About the Board of Directors

Our Restated Articles of Incorporation, as amended, provide that our business and affairs will be managed by, or under the direction of, a Board of Directors consisting of not fewer than five nor more than 21 persons. Directors are divided into three classes. Directors of one class are elected each year for a term of three years. The Board of Directors currently consists of Class I directors whose terms expire at the 2007 Annual Meeting, Class II directors whose terms expire at this Annual Meeting, and Class III directors whose terms expire at the 2006 Annual Meeting.

Following is information regarding the nominees and continuing directors, including information furnished by them as to their principal occupations. See page 13 for a table showing the number of shares of Target Common Stock beneficially owned by each director as of March 14, 2005.

Director	Principal Occupation and Other Information	Age	Director Since
Roxanne S. Austin Class II Nominee for term expiring in 2008	Roxanne S. Austin served as Executive Vice President of Hughes Electronics Corp., a provider of digital television entertainment and technology services, and as President and Chief Operating Officer of its subsidiary, DIRECTV, Inc., until December 2003 when Hughes was acquired. She joined Hughes in 1993 and has held various positions in finance. In July 1997, she was named Chief Financial Officer of Hughes. In May 2001, she was elected Executive Vice President of Hughes and in June 2001, she was named President and Chief Operating Officer of DIRECTV. She is a director of Abbott Laboratories.	44	2002
Calvin Darden Class I	Calvin Darden served as Senior Vice President of U.S. Operations of United Parcel Service of America, Inc., an express carrier and package delivery company, until his retirement in February 2005. He joined UPS in 1971 and has held various operational and managerial positions. In December 1997, he was elected Senior Vice President of Domestic Operations and in January 2000, he was elected Senior Vice President of U.S. Operations. He is a director of Coca-Cola Enterprises, Inc.	55	2003

Director	Principal Occupation and Other Information	Age	Director Since
Term expires in 2007			

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Michele J. Hooper Class I Term expires in 2007	Michele J. Hooper is Managing Partner and Co-Founder of The Directors' Council, a search firm with a mission of increasing the diversity, effectiveness and independence of public company boards. She served as President and Chief Executive Officer of Voyager Expanded Learning, an educational development company, from August 1999 to June 2000. She assumed her current position in October 2003. She is a director of AstraZeneca PLC, DaVita Inc. and PPG Industries, Inc.	53	1990
James A. Johnson Class II Nominee for term expiring in 2008	James A. Johnson is Vice Chairman of Perseus, LLC, a merchant banking private equity firm. From December 1999 to April 2001, he served as Chairman and Chief Executive Officer of Johnson Capital Partners. In April 2001, he was elected to his current position. He is a director of Gannett Co., Inc., The Goldman Sachs Group, Inc., KB Home, Temple-Inland Inc. and UnitedHealth Group Inc.	61	1996
Richard M. Kovacevich Class III Term expires in 2006	Richard M. Kovacevich is Chairman of the Board and Chief Executive Officer of Wells Fargo & Co., a banking and financial services company. In 1995, he was elected Chairman of the Board and Chief Executive Officer of Norwest Corp., a banking and financial services company, and held that position until Norwest merged with Wells Fargo in 1998, when he was elected President and Chief Executive Officer. In April 2001 he was elected to his current positions. He is also a director of Cargill, Inc. and Cisco Systems, Inc.	61	1996
	Anne M. Mulcahy is Chairman of the Board and Chief Executive Officer of Xerox Corp., a document management company. She joined Xerox in 1976 and has held various management positions in marketing, human resources and operations. She served as Executive Vice President; President, General Markets Operations from 1998 until May 2000, and President and Chief Operating Officer from May 2000 through July 2001. In August 2001 she was elected Chief Executive Officer and in January 2002 she was elected Chairman of the Board. She is also a director of Citigroup Inc.	52	1997

Anne M. Mulcahy
Class I
Term expires in 2007

Stephen W. Sanger is Chairman of the Board and Chief Executive Officer of General Mills, Inc., a consumer food products company. He joined General Mills in 1974 and held a series of positions in marketing and management across the company's consumer food businesses. In 1995, he was elected to his current positions. He is also a director of Wells Fargo & Co.	59	1996

Stephen W. Sanger
Class I
Term expires in 2007

Warren R. Staley is Chairman of the Board and Chief Executive Officer of Cargill, Inc., an international marketer, processor and distributor of agricultural, food, financial and industrial products and services. He joined Cargill in 1969 and has held various merchandising, administrative and management positions. He served as President and Chief Executive Officer from June 1999 until August 2000, when he was elected to his current positions. He is also a director of U.S. Bancorp.	62	2001

Warren R. Staley
Class I
Term expires in 2007

George W. Tamke is a Partner with Clayton, Dubilier & Rice, Inc., a private investment firm. He served as Vice Chairman and Co-Chief Executive Officer of Emerson Electric Company, a manufacturer of electrical and electronic equipment, from 1999 to February 2000. He assumed his current position in March 2000. He is a director of Culligan International Co.	57	1999

George W. Tamke
Class III
Term expires in 2006

Solomon D. Trujillo served as Chief Executive Officer of Orange SA, a telecommunications company, from February 2003 to March 2004. He served as Chairman, President and Chief Executive Officer of US West, a telecommunications company, from 1998 to 2000. In November 2000, he was elected Chairman, President and Chief Executive Officer of Graviton, Inc., a wireless communication technology company, positions he held until February 2003. He is a director of Gannett Co., Inc. and PepsiCo, Inc.	53	1994

Solomon D. Trujillo

Class III
Term expires in 2006

Robert J. Ulrich is Chairman of the Board, Chief Executive Officer and Chairman of the Executive Committee of Target. He began his retailing career as a merchandising trainee in Target's department store division in 1967 and advanced through various management positions. He became Chairman and Chief Executive Officer of Target Stores in 1987 and was elected Chairman and Chief Executive Officer of Target in 1994. He is also a director of Yum! Brands, Inc.	61	1993

Robert J. Ulrich
Class III
Term expires in 2006

Director Compensation

Directors who are not employees of Target ("non-management directors") are paid an annual fee of $40,000. The Chairs of the Audit Committee and Compensation Committee receive an additional annual fee of $25,000 and $10,000, respectively. Directors may defer receipt of their fees. If they do, their deferred fees are indexed to the investment alternatives chosen by them from the funds offered by Target's 401(k) Plan, plus an additional return during their period of service as directors. Directors may also direct us to forward their fees to our transfer agent to purchase Target Common Stock for their accounts at market prices. We pay the brokerage fees for such purchases. Non-management directors also receive $15,000 of Target restricted stock per year. The Vice Chairman of the Executive Committee receives an additional $10,000 of our restricted stock each year. New non-management directors also receive $50,000 of restricted stock upon joining the Board. All shares of restricted stock are restricted until the director leaves the Board and certain conditions are satisfied. Non-management directors receive an annual grant of options to purchase the number of shares of our Common Stock determined by dividing $400,000 by the fair market value of the Common Stock on the day of grant. The options have an exercise price equal to their fair market value, defined as the volume weighted average price of our Common Stock on the date of grant, and have a 10 year term (subject to earlier termination upon cessation of service). Non-management directors also receive a merchandise discount at our stores in the same amount as the discount our employees receive. Employee directors are not compensated separately for services as a director or committee member. Retired non-management directors receive a merchandise discount that is the same as the discount our retired employees receive. In addition, non-management directors who were elected prior to 1997 are eligible to receive a one-time payment under our previous director retirement program, which was terminated in 1996. The amount of the payment is equal to the present value of the product of the annual directors' fee in effect in 1996 and the number of years of service through 1996.

Director Independence

The Board has adopted criteria for determining whether a director is independent from management. The Board of Directors believes that a preponderance of its members should be independent directors. The Board annually reviews all material relationships that directors have with Target to determine whether the directors are independent. To assist it in determining director independence, the Board has established the following standards:

No director who is or was during the preceding three years an employee of Target or who has served at any time as an executive officer of Target (except for service as an interim chairman or chief executive officer) may be considered independent.

No director whose immediate family member is or was during the preceding three years an executive officer of Target may be considered independent.

No director who is a current partner or employee of Target's independent registered public accounting firm, or whose immediate family member is a current employee of Target's independent registered public accounting firm and participates in that firm's audit, assurance or tax compliance practice, may be considered independent.

A director will not be considered independent if, within the preceding three years,

the director or an immediate family member of the director, or any business or entity owned solely by a director or any director's immediate family member, has received more than $100,000 in any 12-month period in direct compensation from Target (other than director and committee fees and deferred compensation for prior services);

the director was employed by or affiliated with Target's independent registered public accounting firm or otherwise personally worked on Target's audit;

an immediate family member of the director was employed by Target's independent registered public accounting firm, including as a partner, principal or manager, or otherwise personally worked on Target's audit;

an executive officer of Target was on the compensation committee of a company which employed the director or an immediate family member of the director as an officer;

the director was an executive officer or employee of, or that director's immediate family member was an executive officer of, another company or tax exempt organization that does business with Target and the annual payments by Target to, or the receipt of payments by Target from, such other company or tax exempt organization is at least (i) $1,000,000 or (ii) two percent, whichever is greater, of the annual consolidated gross revenues of such company or tax exempt organization; or

a director is an executive officer of another company that is indebted to Target, or to which Target is indebted, and the total amount of either company's outstanding indebtedness (excluding registered securities) to the other exceeds two percent of the total consolidated assets of the company for which he or she serves as an executive officer.

For relationships not covered by these standards, the determination of whether the relationship is material or not, and therefore whether the director would be independent or not, will be made by the directors who satisfy the independence standards set forth above.

Board members may not accept any personal loans from Target.

Audit Committee members may not accept, directly or indirectly, any consulting, advisory or other compensatory fee from Target (other than director fees), and must otherwise meet the separate independence requirements for Audit Committee members prescribed by SEC rules.

In light of the preceding standards, and after consideration of the transactions discussed below under "Certain Transactions," the Board has affirmatively determined that the following directors, who constitute all of the continuing non-management directors and a majority of the Board, meet the requirements for independence as that term is defined above and in the listing standards of the New York Stock Exchange ("NYSE"): Directors Austin, Darden, Hooper, Johnson, Kovacevich, Mulcahy, Sanger, Staley, Tamke and Trujillo.

Certain Transactions

Target has transactions in the ordinary course of business with unaffiliated corporations of which certain of the non-management directors are officers. We do not consider the amounts involved in such transactions to be material in relation to our business and believe that any such amounts are not material in relation to the business of such other unaffiliated corporations or the interests of the non-management directors involved.

Board Meetings During Fiscal 2004

The Board of Directors met six times during fiscal 2004. All directors attended at least 75% of the aggregate total of meetings of the Board and Board Committees on which the director served during the last fiscal year. We do not have a policy regarding Board member attendance at the Annual Meeting of Shareholders. No director except Mr. Ulrich attended last year's Annual Meeting of Shareholders.

Board Committees

The Position Descriptions for each of the committees listed below may be found online at www.target.com (click on "Investors," "Corporate Governance" and "Board Committee Position Descriptions").

Executive Committee

The Executive Committee of the Board of Directors consists of the Chairman of the Board of Target and all of the non-management directors. During the last fiscal year, five of the six Board meetings began with a meeting of the Executive Committee. At the end of each Board meeting, the non-management directors were given an opportunity to meet without the Chairman of the Board present. The Executive Committee reviews the Compensation Committee's recommendations on performance and compensation of all senior corporate officers and certain other Target senior executives. As part of their responsibilities, the independent director members of the Executive Committee conduct the annual evaluation of our Chief Executive Officer. The Executive Committee also reviews Target's managerial capabilities and requirements.

Mr. Johnson is the Vice Chairman of the Executive Committee. As Vice Chairman, Mr. Johnson's duties include the following:

- presides at all meetings of the Board of Directors at which the Chairman of the Board is not present, including executive sessions of non-management directors;
- serves as liaison between the Chairman of the Board and the non-management directors;
- writes the annual performance reviews of the Chief Executive Officer and Chairman of the Board, with input from the other independent members;
- has an opportunity to review information and agendas sent to the Board and to assure that there is sufficient time for discussion of all agenda items; and
- has the authority to convene meetings of non-management directors at every meeting.

Shareholders seeking to communicate with any individual member or group of the Board of Directors may send correspondence to Target Board of Directors, c/o General Counsel and Corporate Secretary,

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1000 Nicollet Mall, TPS-3255, Minneapolis, Minnesota 55403 or may send an e-mail to boardofdirectors@target.com. Communications directed to Board members will be sent to the General Counsel and Corporate Secretary, who will forward communications as directed by the appropriate Board member(s).

Nominating Committee

The Nominating Committee of the Board of Directors consists solely of independent directors. The members of the Nominating Committee are Directors Sanger (Chair), Darden, Hooper, Kovacevich and Tamke. The Nominating Committee held two meetings during the last fiscal year. In addition, members of the Nominating Committee communicated periodically to discuss issues related to Board and Committee nominations. The Nominating Committee identifies individuals qualified to become Board members. The Nominating Committee then considers the qualifications of and recommends each candidate and incumbent for election as a director and nominates candidates to fill Board vacancies. The Nominating Committee also oversees the evaluation of the Board and management.

The Nominating Committee will consider a recommendation by a shareholder of a candidate for election as a Target director. Any shareholder who wishes the Nominating Committee to consider a candidate should submit a written request and related information to our Corporate Secretary on behalf of the Nominating Committee no later than December 31 of the calendar year preceding the next Annual Meeting of Shareholders (currently held in May).

Our Corporate Governance Profile (available online at www.target.com; click on "Investors," "Corporate Governance" and "Corporate Governance Profile") sets out the optimal size, balance and rotation of the membership of the Board. These criteria require that a preponderance of the Board should consist of independent directors. Any management representation should be top corporate management and have potential to be Chief Executive Officer. Board members should have broad perspective, experience, knowledge and independence of judgment. Members should represent a predominance of business backgrounds that can bring a different set of experiences and perspectives to the Board. Regional balance is recognized as highly desirable, and a high degree of interest and involvement are prime requisites for membership.

When evaluating prospective director candidates, the Nominating Committee conducts individual evaluations against the criteria stated in the Corporate Governance Profile. All director candidates, regardless of the source of their nomination, are evaluated using the same criteria. In connection with the identification, nomination and appointment to the Board of Ms. Austin in September 2002, we engaged the services of an independent consultant.

Compensation Committee

The Compensation Committee of the Board of Directors consists solely of independent directors. The members of the Compensation Committee are Directors Johnson (Chair), Darden, Sanger, Tamke and Trujillo. The Compensation Committee held three meetings during the last fiscal year. The Compensation Committee reviews management proposals regarding compensation programs, plans and guidelines. The Compensation Committee reviews and approves goals and objectives relevant to executive compensation, reviews the performance of all senior corporate officers and certain other senior executives within the Corporation and recommends their compensation to the independent members of the Executive Committee based on their performance against those goals and objectives. The Compensation Committee also determines certain awards and payouts under our long-term incentive plan and makes certain determinations regarding short-term incentive compensation. The duties and activities of the Compensation Committee are further described in the Report of the Compensation Committee on Executive Compensation on page 21.

Audit Committee

The Audit Committee of the Board of Directors consists solely of independent directors. The members of the Audit Committee are Directors Hooper (Chair), Austin, Kovacevich and Tamke. The Audit Committee of the Board of Directors held six meetings during the last fiscal year. The Audit Committee assists the Board with the oversight of the integrity of Target's financial statements and internal controls, compliance with legal and regulatory requirements, the independent auditor's qualifications and independence and the performance of our internal audit function. The Board of Directors, in its business judgment, has determined that all members of the Committee are "independent," as required by applicable listing standards of the NYSE. The Board of Directors has also determined that each of the members of the Audit Committee Directors Hooper, Austin, Kovacevich and Tamke is an "audit committee financial expert" for purposes of the SEC rules. The duties and activities of the Audit Committee are further described in the Report of the Audit Committee on page 27.

Finance Committee

The Finance Committee of the Board of Directors consists solely of independent directors. The members of the Finance Committee are Directors Mulcahy (Chair), Johnson, Sanger, Staley and Trujillo. The Finance Committee held two meetings during the last fiscal year. The Finance Committee reviews our financial policies, our dividend policy, our performance objectives, our financing requirements, our compliance with indenture covenants and the investment policies of our employee benefit plans.

Corporate Responsibility Committee

The Corporate Responsibility Committee of the Board of Directors consists solely of independent directors. The members of the Corporate Responsibility Committee are Directors Trujillo (Chair), Johnson, Mulcahy and Staley. The Corporate Responsibility Committee held one meeting during the last fiscal year. The Corporate Responsibility Committee reviews and evaluates our public affairs and community development programs. The Corporate Responsibility Committee also reviews and evaluates our community giving programs and those of the Target Foundation.

Corporate Governance Committee

The Corporate Governance Committee of the Board of Directors consists of all of the non-management directors. Mr. Johnson is Chairman of the Corporate Governance Committee. The Corporate Governance Committee held two meetings during the last fiscal year. The Corporate Governance Committee oversees our corporate governance programs and develops and recommends our corporate governance principles.

Share Ownership of Directors and Officers

Set forth below is information regarding the shares of Target Common Stock (our only outstanding class of equity securities) owned beneficially on March 14, 2005 (except as otherwise noted) by all directors and nominees, each of the executive officers named in the Summary Compensation Table on page 15, and all Target directors and executive officers as a group.

Name of Individual or Number of Persons in Group	Aggregate Number of Common Shares Beneficially Owned(1)	Acquirable within 60 Days(2)	Percent of Outstanding Shares as of March 14, 2005
Roxanne S. Austin	2,109	23,677	*
Calvin Darden	2,622	10,458	*
Michele J. Hooper	20,452	73,790	*
James A. Johnson	16,651	80,846	*
Richard M. Kovacevich	58,795	73,790	*
Anne M. Mulcahy	6,835	64,498	*
Stephen W. Sanger	15,114	73,790	*
Warren R. Staley	2,778	33,481	*
George W. Tamke	5,055	54,112	*
Solomon D. Trujillo	19,839	80,846	*
Robert J. Ulrich(3)	992,713(4)(5)	4,202,417	*
Gerald L. Storch(3)	71,611(4)(5)	1,065,246	*
Gregg W. Steinhafel(3)	157,701(4)(5)	812,237	*
Douglas A. Scovanner(3)	83,132(4)(5)(6)	534,530	*
Bart Butzer(3)	74,109(4)(5)(7)	449,939	*
All Target directors and executive officers as a group (21 persons)	1,583,922(8)	8,480,211	1.13%

* Less than 1%.

(1) The persons listed have sole voting and investment power with respect to the shares listed except that Director Johnson has shared voting and investment power over 11,128 shares and Director Trujillo has shared voting and investment power over 12,648 shares. Directors are deemed to have sole voting and investment power as to restricted stock they own.

(2) Includes shares of Common Stock that the named individuals may acquire on or before May 13, 2005 pursuant to options held by them under our long-term incentive plans.

(3) Executive officer.

(4) Includes restricted shares which are no longer subject to their initial restriction period and performance shares for which the performance period has been completed, each currently held in escrow. These share totals are as follows: Mr. Ulrich 435,456; Mr. Storch 62,798; Mr. Steinhafel 106,016; Mr. Scovanner 53,724; and Mr. Butzer 49,708. These shares are generally subject to forfeiture if an executive fails to meet certain minimum age and advance notice of retirement requirements.

(5) Includes shares of Common Stock owned by such person in the Target 401(k) Plan as of January 29, 2005.

(6)

Includes 3,000 shares of Common Stock held in a trust for which Mr. Scovanner is the sole trustee. Mr. Scovanner disclaims beneficial ownership of such shares.

(7) Includes 28 shares of Common Stock owned as of March 14, 2005 by Mr. Butzer's wife as to which he disclaims beneficial ownership.

(8) Includes shares of Common Stock owned by the executive officers in the Target 401(k) Plan as of January 29, 2005.

Largest Owners of Target's Shares

The table below sets forth certain information as to each person or entity known to us to be the beneficial owner of more than five percent of any class of our voting securities:

Name and Address of Beneficial Owner	Number of Common Shares Beneficially Owned	Percent of Class
Capital Research and Management Company 333 South Hope Street Los Angeles, CA 90071	102,544,500(1)	11.5%
State Street Bank and Trust Company 200 Newport Avenue North Quincy, Massachusetts 02171	80,073,610(2)	8.9%

(1) Capital Research and Management Company ("Capital Research") reported its beneficial ownership on a Schedule 13G filed with the SEC on February 14, 2005. The filing indicates that as of December 31, 2004, Capital Research had sole voting power for 0 shares, shared voting power for 0 shares, sole dispositive power for 102,544,500 shares and shared dispositive power for 0 shares.

(2) State Street Bank and Trust Company ("State Street"), trustee under the TGT 401(k) Plan, reported its beneficial ownership on a Schedule 13G filed with the SEC on February 18, 2005. The filing indicates that as of December 31, 2004, State Street had sole voting power for 24,034,925 shares, shared voting power for 56,038,685 shares, sole dispositive power for 0 shares and shared dispositive power for 80,073,610 shares.

Executive Compensation

SUMMARY COMPENSATION TABLE

		Annual Compensation(1)		Long-Term Compensation Awards		Long-Term Compensation Payouts	
Name and Principal Position	**Year**	**Salary($)(2)**	**Bonus ($)(2)(3)**	**Restricted Stock Awards($)(4)**	**Securities Underlying Options(#)(5)**	**LTIP Payouts ($)(6)**	**All Other Compensation ($)(7)(8)**
Robert J. Ulrich	2004	1,573,925	5,000,000	0	368,198	0	1,308,299(9)
Chairman and Chief	2003	1,571,925	3,300,000	0	270,589	0	1,211,707
Executive Officer	2002	1,423,014	4,600,000	0	547,753	0	947,434
Gerald L. Storch	2004	967,897	860,553	0	101,154	0	241,890(10)
Vice Chairman	2003	940,966	528,561	0	101,308	0	232,412
	2002	794,131	927,200	0	171,845	0	178,684
Gregg W. Steinhafel	2004	947,397	854,195	0	101,154	0	363,699(11)
President	2003	922,466	691,537	0	75,817	0	343,721
	2002	895,616	1,155,930	0	128,884	0	287,901
Douglas A. Scovanner	2004	757,418	632,040	0	80,923	0	214,505(12)
Executive Vice President	2003	716,582	379,100	0	67,974	0	196,391
and Chief Financial Officer	2002	671,233	671,951	0	96,663	0	153,791
Bart Butzer	2004	717,978	618,100	0	60,692	0	136,633(13)
Executive Vice President	2003	663,178	494,224	0	50,981	0	147,024
	2002	641,699	835,446	0	85,923	0	124,937

(1) The Corporation also provides its officers with certain perquisites, the aggregate value of which to any individual officer (as measured by the incremental cost to Target) is less than $50,000.

(2) Certain of the five named executive officers deferred receipt of their salary and bonus through the Target Senior Management Group Executive Deferred Compensation Plan (the "SMG EDCP"), which is a part of Target's broader deferred compensation program that allows all participants to elect to defer up to 80% of annual base salary and bonus. See footnote (8) below for additional details regarding the SMG EDCP.

(3) Our executive officers and certain other members of our management were eligible in fiscal 2004 for short-term incentive payouts based on PTOC (pre-tax operating contribution), EVA (economic value added) and personal score measures. Additional information regarding our Executive Short-Term Incentive Plan is found in the Report of the Compensation Committee on Executive Compensation.

(4) No restricted stock awards were made in fiscal 2004. Certain restricted stock and performance share awards granted in prior years, for which the performance period has elapsed, remain subject to forfeiture unless further continued service and advance notice of resignation requirements are met.

The number and value of such awards at the end of the 2004 fiscal year (based on the closing price of $49.49 per share at the end of the fiscal year) were as follows:

	Number	Value
Robert J. Ulrich	435,456	$ 21,550,717
Gerald L. Storch	62,798	3,107,873
Gregg W. Steinhafel	106,016	5,246,732
Douglas A. Scovanner	53,724	2,658,801
Bart Butzer	49,708	2,460,049

Holders of the shares listed in the table above are entitled to dividends on those shares. Performance share awards granted in the current and prior years for which the performance period has not yet elapsed are not reflected in this table because the number of shares to be issued, if any, cannot be determined. Additional information regarding restricted shares and performance shares is included in the Report of the Compensation Committee on Executive Compensation, and in the table entitled "Performance Share Awards in Last Fiscal Year" on page 19 of this Proxy Statement.

(5)

These options to purchase shares of Target Common Stock were awarded under Target's Long Term Incentive Plan ("LTIP"). The Report of the Compensation Committee on Executive Compensation includes further information regarding stock options.

(6)

There were no outstanding LTIP grants scheduled to be earned in fiscal 2004. The Report of the Compensation Committee on Executive Compensation includes further information regarding performance share awards.

(7)

We have an Excess Long-Term Disability Plan for certain key executives, including the named executive officers. The program, when combined with the broad-based group program, is designed to provide disability income of approximately 80% at a compensation level of $200,000 per year, decreasing as a percentage of pay according to a sliding scale to approximately 40% at a compensation level of $2,000,000 per year. No compensation is assumed for this program since our incremental cost for this benefit cannot be determined actuarially.

(8)

The amounts reported include the following:

Matching contributions to the Target 401(k) Plan, which all participating employees receive.

Amounts credited to the SMG EDCP for matching contributions that could not be made to the Target 401(k) Plan because of limitations imposed by the Internal Revenue Code of 1986, as amended (the "Tax Code").

Amounts categorized by the SEC as reportable above-market earnings on compensation deferred in the SMG EDCP and its predecessor deferred compensation plan (the "Old Deferred Compensation Plan"). Under the SMG EDCP, participants elect to have their deferred amounts indexed to an array of managed funds, which mirror the funds offered in the Target 401(k) Plan. During active employment, Target credits an additional return to the participants' deferred balances, as determined by the terms of the SMG EDCP. Under the Old Deferred Compensation Plan, the deferred amounts earn a return based on a benchmark corporate bond index, plus an additional return, as determined by the terms of the Old Deferred Compensation Plan. The amounts in the table above consist of the additional credited return under the SMG EDCP and the Old Deferred Compensation Plan. New deferrals into the Old Deferred Compensation Plan terminated in 1996. However, existing balances continue to earn a return pursuant to the terms of the Old Deferred Compensation Plan. Factors contributing to the amount of reportable earnings include the extent to which and the period of time over which the named executive officers have deferred compensation to the SMG EDCP and the Old Deferred Compensation Plan, as well as the return on the underlying funds, which drives the growth of plan balances. All amounts deferred into and accrued under these deferred compensation plans represent unfunded, general unsecured obligations of Target.

Cost of Life Insurance Program and Executive Survivor Benefit Program premiums paid by Target.

(9)
Includes

$