TARGET CORP
Form 10-K
March 15, 2012

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

ý **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended January 28, 2012

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to
Commission file number **1-6049**

TARGET CORPORATION

(Exact name of registrant as specified in its charter)

Minnesota	**41-0215170**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1000 Nicollet Mall, Minneapolis, Minnesota	**55403**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 612/304-6073

Securities Registered Pursuant To Section 12(B) Of The Act:

Title of Each Class	**Name of Each Exchange on Which Registered**

Common Stock, par value $0.0833 per share	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ý No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ý

Note Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o

Indicate by checkmark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files. Yes ý No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ý

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company (as defined in Rule 12b-2 of the Act).

Large accelerated filer ý	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No ý

Aggregate market value of the voting stock held by non-affiliates of the registrant on July 30, 2011 was $34,696,113,355, based on the closing price of $51.49 per share of Common Stock as reported on the New York Stock Exchange Composite Index.

Indicate the number of shares outstanding of each of registrant's classes of Common Stock, as of the latest practicable date. Total shares of Common Stock, par value $0.0833, outstanding at March 12, 2012 were 668,486,970.

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of Target's Proxy Statement to be filed on or about April 30, 2012 are incorporated into Part III.

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PART I

Item 1. Business

General

Target Corporation (the Corporation or Target) was incorporated in Minnesota in 1902. We operate as three reportable segments: U.S. Retail, U.S. Credit Card and Canadian.

Our U.S. Retail Segment includes all of our merchandising operations, including our fully integrated online business. We offer both everyday essentials and fashionable, differentiated merchandise at discounted prices. Our ability to deliver a shopping experience that is preferred by our customers, referred to as "guests," is supported by our strong supply chain and technology infrastructure, a devotion to innovation that is ingrained in our organization and culture, and our disciplined approach to managing our current business and investing in future growth. As a component of the U.S. Retail Segment, our online presence is designed to enable guests to purchase products seamlessly either online or by locating them in one of our stores with the aid of online research and location tools. Our online shopping site offers similar merchandise categories to those found in our stores, excluding food items and household essentials.

Our U.S. Credit Card Segment offers credit to qualified guests through our branded proprietary credit cards, the Target Visa and the Target Card. Additionally, we offer a branded proprietary Target Debit Card. Collectively, these REDcards® help strengthen the bond with our guests, drive incremental sales and contribute to our results of operations.

Our Canadian Segment was initially reported in the first quarter of 2011 as a result of our purchase of leasehold interests in Canada from Zellers, Inc. (Zellers). This segment includes costs incurred in the U.S. and Canada related to our planned 2013 Canadian retail market entry.

Financial Highlights

Our fiscal year ends on the Saturday nearest January 31. Unless otherwise stated, references to years in this report relate to fiscal years, rather than to calendar years. Fiscal 2011 ended January 28, 2012, and consisted of 52 weeks. Fiscal 2010 ended January 29, 2011, and consisted of 52 weeks. Fiscal 2009 ended January 30, 2010, and consisted of 52 weeks. Fiscal 2012 will end on February 2, 2013, and will consist of 53 weeks.

For information on key financial highlights, see the items referenced in Item 6, Selected Financial Data, and Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, of this Annual Report on Form 10-K.

Seasonality

Due to the seasonal nature of our business, a larger share of annual revenues and earnings traditionally occurs in the fourth quarter because it includes the peak sales period from Thanksgiving to the end of December.

Merchandise

We operate Target general merchandise stores, the majority of which offer a wide assortment of general merchandise and a more limited food assortment than traditional supermarkets. During the past three years we completed store remodels that enabled us to offer an expanded food assortment in many of our general merchandise stores. The expanded food assortment includes some perishables and some additional dry, dairy and frozen items. In addition, we operate SuperTarget® stores with general merchandise items and a full line of food items comparable to that of traditional supermarkets. Target.com offers a wide assortment of general merchandise including many items found in our stores and a complementary assortment, such as extended sizes and colors, sold only online. A significant portion of our sales is from national brand merchandise. We also sell many products under our owned and exclusive brands. Owned brands include merchandise sold under private-label brands including, but not limited to, Archer Farms®, Archer Farms® Simply Balanced , Boots & Barkley®, choxie®, Circo®,

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Durabuilt®, Embark®, Gilligan & O'Malley®, itso®, Market Pantry®, Merona®, Play Wonder®, Prospirit®, Room Essentials®, Smith & Hawken®, Spritz , Sutton & Dodge®, Target Home , up & up®, Wine Cube®, and Xhilaration®. In addition, we sell merchandise under exclusive brands including, but not limited to, Assets® by Sarah Blakely, Auro® by Goldtoe, Boots No7, C9 by Champion®, Chefmate®, Cherokee®, Converse® One Star®, dENiZEN by Levi's®, Fieldcrest®, Genuine Kids by OshKosh®, Giada De Laurentiis for Target®, Harajuku Mini for Target®, Just One You made by Carter's, Kitchen Essentials® from Calphalon®, Liz Lange® for Target, Michael Graves Design , Mossimo®, Nick & Nora®, Papyrus, Paul Frank® for Target, Shaun White, Simply Shabby Chic®, Sonia Kashuk® and Thomas O'Brien® Vintage Modern. We also sell merchandise through unique programs such as ClearRx® and GO International®, and through periodic exclusive design and other creative partnerships. We also generate revenue from in-store amenities such as Target Café[SM], Target Clinic®, Target Pharmacy® and Target Photo®, and from leased or licensed departments such as Target Optical®, Pizza Hut, Portrait Studio and Starbucks.

Effective inventory management is key to our ongoing success. We utilize various techniques including demand forecasting and planning and various forms of replenishment management. We achieve effective inventory management by being in-stock in core product offerings, maintaining positive vendor relationships, and carefully planning inventory levels for seasonal and apparel items to minimize markdowns.

Sales by Product Category	**Percentage of Sales**		
	2011	**2010**	**2009**
Household essentials	**25%**	24%	23%
Hardlines	**19**	20	22
Apparel and accessories	**19**	20	20
Food and pet supplies	**19**	17	16
Home furnishings and décor	**18**	19	19
Total	**100%**	100%	100%

Household essentials includes pharmacy, beauty, personal care, baby care, cleaning and paper products.

Hardlines includes electronics (including video game hardware and software), music, movies, books, computer software, sporting goods and toys.

Apparel and accessories includes apparel for women, men, boys, girls, toddlers, infants and newborns. It also includes intimate apparel, jewelry, accessories and shoes.

Food and pet supplies includes dry grocery, dairy, frozen food, beverages, candy, snacks, deli, bakery, meat, produce and pet supplies.

Home furnishings and décor includes furniture, lighting, kitchenware, small appliances, home décor, bed and bath, home improvement, automotive and seasonal merchandise such as patio furniture and holiday décor.

Distribution

The vast majority of our merchandise is distributed through our network of distribution centers. We operated 37 distribution centers at January 28, 2012. General merchandise is shipped to and from our distribution centers by common carriers. In addition, third parties distribute certain food items. Merchandise sold through Target.com is distributed through our own distribution network, through third parties, or shipped directly from vendors.

Employees

At January 28, 2012, we employed approximately 365,000 full-time, part-time and seasonal employees, referred to as "team members." During our peak sales period from Thanksgiving to the end of December, our employment levels peaked at approximately 414,000 team members. We consider our team member relations to be good. We offer a broad range of company-paid benefits to our team members. Eligibility for, and the level of, these benefits varies, depending on team members' full-time or part-time status, compensation level, date of hire

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and/or length of service. These company-paid benefits include a pension plan, 401(k) plan, medical and dental plans, a retiree medical plan, disability insurance, paid vacation, tuition reimbursement, various team member assistance programs, life insurance and merchandise discounts.

Working Capital

Because of the seasonal nature of our business, our working capital needs are greater in the months leading up to our peak sales period from Thanksgiving to the end of December. The increase in working capital during this time is typically financed with cash flow provided by operations and short-term borrowings.

Additional details are provided in the Liquidity and Capital Resources section in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

Competition

In our U.S. Retail Segment, we compete with traditional and off-price general merchandise retailers, apparel retailers, internet retailers, wholesale clubs, category specific retailers, drug stores, supermarkets and other forms of retail commerce in the U.S. Our ability to positively differentiate ourselves from other retailers largely determines our competitive position within the U.S. retail industry. In our Canadian Segment, we will compete with similar retail categories and will be focused on positively differentiating ourselves within the Canadian retail market.

In our U.S. Credit Card Segment, our primary mission is to deliver financial products and services that drive sales and deepen guest relationships at Target. Our financial products compete with those of other issuers for market share of sales volume. Our ability to positively differentiate the value of our financial products primarily through our rewards programs, terms, credit line management, and guest service determines our competitive position among credit card issuers.

Intellectual Property

Our brand image is a critical element of our business strategy. Our principal trademarks, including Target, SuperTarget and our "Bullseye Design," have been registered with the U.S. Patent and Trademark Office. We also seek to obtain and preserve intellectual property protection for our private-label brands.

Geographic Information

All of our revenues are generated within the United States and a vast majority of our long-lived assets are located within the U.S. as well. As we expand our operations internationally, a modest percentage of our revenues and long-lived assets will be located in Canada.

Available Information

Our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available free of charge at www.Target.com (click on "Investor Relations" and "SEC Filings") as soon as reasonably practicable after we file such material with, or furnish it to, the Securities and Exchange Commission (SEC). Our Corporate Governance Guidelines, Business Conduct Guide, Corporate Responsibility Report and the position descriptions for our Board of Directors and Board committees are also available free of charge in print upon request or at www.Target.com/Investors.

Item 1A. Risk Factors

Our business is subject to a variety of risks. The most important of these is our ability to remain relevant to our guests with a brand they trust. Meeting our guests' expectations requires us to manage various strategic, operational, compliance, reputational, and financial risks. Set forth below are the most significant risks that we face.

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If we are unable to positively differentiate ourselves from other retailers, our results of operations could be adversely affected.

The retail business is highly competitive. In the past we have been able to compete successfully by differentiating our guests' shopping experience by creating an attractive value proposition through a careful combination of price, merchandise assortment, convenience, guest service and marketing efforts. Guest perceptions regarding the cleanliness and safety of our stores, our in-stock levels, the convenience and reliability of our multichannel guest experience and other factors also affect our ability to compete. No single competitive factor is dominant, and actions by our competitors on any of these factors could have an adverse effect on our sales, gross margin and expenses.

Our continued success is substantially dependent on positive perceptions of Target, including our owned and exclusive brands.

We believe that one of the reasons our guests prefer to shop at Target and our team members choose Target as a place of employment is the reputation we have built over many years of serving our four primary constituencies: guests, team members, the communities in which we operate and shareholders. To be successful in the future, we must continue to preserve, grow and leverage the value of Target's reputation. Reputational value is based in large part on perceptions of subjective qualities, and even isolated incidents that erode trust and confidence, particularly if they result in adverse publicity, governmental investigations or litigation, can have an adverse impact on these perceptions and lead to tangible adverse effects on our business, including consumer boycotts, loss of new store development opportunities, or team member recruiting difficulties.

In addition, we sell many products under our owned and exclusive brands, such as Market Pantry, up & up, Target Home, Merona and Mossimo. These brands generally carry higher margins than national brand products, and represent a growing portion of our overall sales, totaling approximately one-third of sales in 2011. If one or more of these brands experiences a loss of consumer acceptance or confidence, our sales and gross margin rate could be adversely affected.

If we are unable to successfully maintain a relevant multichannel experience for our guests, our results of operations could be adversely affected.

Our guests are increasingly using computers, tablets, mobile phones and other devices to shop in our stores and online. As part of our multichannel strategy, we offer full and mobile versions of our website (Target.com) and applications for mobile phones and tablets. In addition, we use social media as a way to interact with our guests and enhance their shopping experiences. Multichannel retailing is rapidly evolving and we must keep pace with changing guest expectations and new developments by our competitors. If we are unable to attract and retain team members or contract third parties with the specialized skills needed to support our multichannel platforms, or are unable to implement improvements to our guest-facing technology in a timely manner, our ability to compete and our results of operations could be adversely affected. In addition, if Target.com and our other guest-facing technology systems do not function as designed, we may experience a loss of guest confidence, data security breaches, lost sales or be exposed to fraudulent purchases, which could adversely affect our reputation and results of operations.

If we fail to anticipate and respond quickly to changing consumer preferences, our sales, gross margin and profitability could suffer.

A substantial part of our business is dependent on our ability to make trend-right decisions in apparel, home décor, seasonal offerings, food and other merchandise. Failure to accurately predict constantly changing consumer tastes, preferences, spending patterns and other lifestyle decisions may result in lost sales, spoilage and increased inventory markdowns, which would lead to a deterioration in our results of operations.

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We are highly susceptible to the state of macroeconomic conditions and consumer confidence in the United States.

All of our stores are currently located within the United States, making our results highly dependent on U.S. consumer confidence and the health of the U.S. economy. In addition, a significant portion of our total sales is derived from stores located in five states: California, Texas, Florida, Minnesota and Illinois, resulting in further dependence on local economic conditions in these states. Deterioration in macroeconomic conditions and consumer confidence could negatively affect our business in many ways, including slowing sales growth or reduction in overall sales, and reducing gross margins.

In addition to the impact of macroeconomic conditions on our retail sales, these same considerations impact the success of our U.S. Credit Card Segment. Deterioration in macroeconomic conditions can adversely affect cardholders' ability to pay their balances, and we may not be able to fully anticipate and respond to changes in the risk profile of our cardholders when extending credit, resulting in higher bad debt expense. Demand for consumer credit is also impacted by consumer choices regarding payment methods, and our performance could be adversely affected by consumer decisions to use third-party debit cards or other forms of payment.

If we do not effectively manage our large and growing workforce, our results of operations could be adversely affected.

With approximately 365,000 team members, our workforce costs represent our largest operating expense, and our business is dependent on our ability to attract, train and retain qualified team members. Many of those team members are in entry-level or part-time positions with historically high turnover rates. Our ability to meet our labor needs while controlling our costs is subject to external factors such as unemployment levels, prevailing wage rates, collective bargaining efforts, health care and other benefit costs and changing demographics. If we are unable to attract and retain adequate numbers of qualified team members, our operations, guest service levels and support functions could suffer. Those factors, together with increasing wage and benefit costs, could adversely affect our results of operations. As of March 15, 2012, none of our team members were working under collective bargaining agreements. We are periodically subject to labor organizing efforts. If we become subject to one or more collective bargaining agreements in the future, it could adversely affect our labor costs and how we operate our business.

Lack of availability of suitable locations in which to build new stores could slow our growth, and difficulty in executing plans for new stores, expansions and remodels could increase our costs and capital requirements.

Our future growth is dependent, in part, on our ability to build new stores and expand and remodel existing stores in a manner that achieves appropriate returns on our capital investment. We compete with other retailers and businesses for suitable locations for our stores. In addition, for many sites we are dependent on a third party developer's ability to acquire land, obtain financing and secure the necessary zoning changes and permits for a larger project, of which our store may be one component. Turmoil in the financial markets may make it difficult for third party developers to obtain financing for new projects. Local land use and other regulations applicable to the types of stores we desire to construct may affect our ability to find suitable locations and also influence the cost of constructing, expanding and remodeling our stores. A significant portion of our expected new store sites is located in fully developed markets, which is generally a more time-consuming and expensive undertaking than expansion into undeveloped suburban and ex-urban markets.

Interruptions in our supply chain or increased commodity prices and supply chain costs could adversely affect our results.

We are dependent on our vendors to supply merchandise in a timely and efficient manner. If a vendor fails to deliver on its commitments, whether due to financial difficulties or other reasons, we could experience merchandise out-of-stocks that could lead to lost sales. In addition, a large portion of our merchandise is sourced, directly or indirectly, from outside the United States, with China as our single largest source. Political or financial instability, trade restrictions, the outbreak of pandemics, labor unrest, transport capacity and costs, port security or other events that could slow port activities and affect foreign trade are beyond our control and could disrupt our supply of merchandise and/or adversely affect our results of operations. In addition, changes in the costs of procuring commodities used in our merchandise or the costs related to our supply chain, including labor, fuel, tariffs, and currency exchange rates could have an adverse effect on gross margin, expenses and results of operations.

Failure to address product safety concerns could adversely affect our sales and results of operations.

If our merchandise offerings, including food, drug and children's products, do not meet applicable safety standards or our guests' expectations regarding safety, we could experience lost sales and increased costs and be exposed to legal and reputational risk. All of our vendors must comply with applicable product safety laws, and we are dependent on them to ensure that the products we buy comply with all safety standards. Events that give rise to actual, potential or perceived product safety concerns, including food or drug contamination, could expose us to government enforcement action or private litigation and result in costly product recalls and other liabilities. In addition, negative guest perceptions regarding the safety of the products we sell could cause our guests to seek alternative sources for their needs, resulting in lost sales. In those circumstances, it may be difficult and costly for us to regain the confidence of our guests.

If we fail to protect the security of personal information about our guests and team members, we could be subject to costly government enforcement actions or private litigation and our reputation could suffer.

The nature of our business involves the receipt and storage of personal information about our guests and team members. If we experience a data security breach, we could be exposed to government enforcement actions and private litigation. In addition, our guests could lose confidence in our ability to protect their personal information, which could cause them to discontinue usage of our credit card products, decline to use our pharmacy services, or stop shopping at our stores or Target.com altogether. The loss of confidence from a data security breach involving team members could hurt our reputation and cause team member recruiting and retention challenges.

Our failure to comply with federal, state or local laws, or changes in these laws could increase our expenses.

Our business is subject to a wide array of laws and regulations. Significant legislative changes that affect our relationship with our workforce could increase our expenses and adversely affect our operations. Examples of possible legislative changes affecting our relationship with our workforce include changes to an employer's obligation to recognize collective bargaining units, the process by which collective bargaining agreements are negotiated or imposed, minimum wage requirements, and health care mandates. In addition, changes in the regulatory environment regarding topics such as banking and consumer credit, Medicare reimbursements, privacy and information security, product safety or environmental protection, among others, could cause our expenses to increase without an ability to pass through any increased expenses through higher prices. In addition, if we fail to comply with applicable laws and regulations, particularly wage and hour laws, we could be subject to legal risk, including government enforcement action and class action civil litigation, which could adversely affect our results of operations.

Weather conditions where our stores are located may impact consumer shopping patterns, which alone or together with natural disasters in areas where our sales are concentrated, could adversely affect our results of operations.

Uncharacteristic or significant weather conditions can affect consumer shopping patterns, particularly in apparel and seasonal items, which could lead to lost sales or greater than expected markdowns and adversely affect our short-term results of operations. In addition, our three largest states, by total sales, are California, Texas and Florida, areas where hurricanes and earthquakes are more prevalent. Those natural disasters could result in significant physical damage to or closure of one or more of our stores or distribution centers, and cause delays in the distribution of merchandise from our vendors to our distribution centers and stores, which could adversely affect our results of operations.

Changes in our effective income tax rate could affect our results of operations.

Our effective income tax rate is influenced by a number of factors. Changes in the tax laws, the interpretation of existing laws, or our failure to sustain our reporting positions on examination could adversely affect our effective tax rate. In addition, our effective income tax rate is influenced inversely by capital market returns due to the tax-free nature of investment vehicles used to economically hedge our deferred compensation liabilities.

If we are unable to access the capital markets or obtain bank credit, our growth plans, liquidity and results of operations could suffer.

We are dependent on a stable, liquid and well-functioning financial system to fund our operations and growth plans. In particular, we have historically relied on the public debt markets to raise capital for new store development and other capital expenditures, the commercial paper market and bank credit facilities to fund seasonal needs for working capital, and the asset-backed securities markets to partially fund our accounts receivable portfolio. Our continued access to these markets depends on multiple factors including the condition of debt capital markets, our operating performance and maintaining strong debt ratings. If our credit ratings were lowered, our ability to access the debt markets and our cost of funds for new debt issuances could be adversely impacted. Each of the credit rating agencies reviews its rating periodically, and there is no guarantee our current credit rating will remain the same. In addition, we use a variety of derivative products to manage our exposure to market risk, principally interest rate and equity price fluctuations. Disruptions or turmoil in the financial markets could adversely affect our ability to meet our capital requirements, fund our working capital needs or lead to losses on derivative positions resulting from counterparty failures.

A significant disruption in our computer systems could adversely affect our operations.

We rely extensively on our computer systems to manage inventory, process guest transactions and summarize results. Our systems are subject to damage or interruption from power outages, telecommunications failures, computer viruses and malicious attacks, security breaches and catastrophic events. If our systems are damaged or fail to function properly, we may incur substantial costs to repair or replace them, and may experience loss of critical data and interruptions or delays in our ability to manage inventories or process guest transactions, which could adversely affect our results of operations.

Our plan to expand retail operations into Canada could adversely affect our financial results.

Our plan to enter the Canadian retail market is our first expansion of retail operations outside of the United States. Our ability to successfully open the expected number of Canadian Target stores on schedule depends, in large measure, upon our ability to remodel existing assets, build our supply chain capabilities and technology systems and recruit, hire and retain qualified team members. In addition, access to local suppliers of certain types of goods may limit our ability to offer the expected assortment of merchandise in certain markets. The effective execution of our strategy is also contingent on our ability to design new marketing programs that positively differentiate us from other retailers in Canada. If we do not effectively execute our expansion plan in Canada, our financial performance could be adversely affected.

Item 1B. Unresolved Staff Comments

Not applicable.

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Item 2. Properties

At January 28, 2012, we had 1,763 stores in 49 states and the District of Columbia:

	Number of Stores	Retail Sq. Ft. (in thousands)		Number of Stores	Retail Sq. Ft. (in thousands)
Alabama	20	2,867	Montana	7	780
Alaska	3	504	Nebraska	14	2,006
Arizona	48	6,382	Nevada	19	2,461
Arkansas	9	1,165	New Hampshire	9	1,148
California	252	33,483	New Jersey	43	5,671
Colorado	41	6,200	New Mexico	9	1,024
Connecticut	20	2,672	New York	66	8,996
Delaware	3	413	North Carolina	47	6,225
District of Columbia	1	179	North Dakota	4	554
Florida	124	17,375	Ohio	64	8,006
Georgia	55	7,517	Oklahoma	15	2,157
Hawaii	4	695	Oregon	18	2,201
Idaho	6	664	Pennsylvania	63	8,238
Illinois	87	11,895	Rhode Island	4	517
Indiana	33	4,377	South Carolina	18	2,224
Iowa	22	3,015	South Dakota	5	580
Kansas	19	2,577	Tennessee	32	4,096
Kentucky	14	1,660	Texas	148	20,838
Louisiana	16	2,246	Utah	12	1,818
Maine	5	630	Vermont		
Maryland	36	4,667	Virginia	56	7,454
Massachusetts	36	4,735	Washington	35	4,098
Michigan	59	7,031	West Virginia	6	755
Minnesota	74	10,627	Wisconsin	38	4,633
Mississippi	6	743	Wyoming	2	187
Missouri	36	4,735			
			Total	1,763	235,721

The following table summarizes the number of owned or leased stores and distribution centers in the United States at January 28, 2012:

	Stores	Distribution Centers *(b)*
Owned	1,512	30
Leased	86	7
Combined *(a)*	165	
Total	**1,763**	**37**

(a)

Properties within the "combined" category are primarily owned buildings on leased land.

(b)
The 37 distribution centers have a total of 48,473 thousand square feet.

We have announced plans to open our first 60 Canadian stores beginning in March or early April 2013, located in Alberta, British Columbia, Ontario, Manitoba and Saskatchewan. We are also currently in the process of constructing 3 distribution centers in Canada.

We own our corporate headquarters buildings located in Minneapolis, Minnesota, and we lease and own additional office space in the United States. We lease our Canadian headquarters in Mississauga, Ontario. Our international sourcing operations have 24 office locations in 17 countries, all of which are leased. We also lease office space in Bangalore, India, where we operate various support functions. Our properties are in good condition, well maintained and suitable to carry on our business.

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For additional information on our properties, see also the Capital Expenditures section in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations and Notes 13 and 21 of the Notes to Consolidated Financial Statements included in Item 8, Financial Statements and Supplementary Data.

Item 3. Legal Proceedings

The following governmental enforcement proceedings relating to environmental matters are reported pursuant to instruction 5(C) of Item 103 of Regulation S-K because they involve potential monetary sanctions in excess of $100,000:

We are the subject of an ongoing Environmental Protection Agency (EPA) investigation for alleged violations of the Clean Air Act (CAA). In March 2009, the EPA issued a Finding of Violation (FOV) related to alleged violations of the CAA, specifically the National Emission Standards for Hazardous Air Pollutants (NESHAP) promulgated by the EPA for asbestos. The FOV pertains to the remodeling of 36 Target stores that occurred between January 1, 2003 and October 28, 2007. The EPA FOV process is ongoing and no specific relief has been sought to date by the EPA.

Item 4. Mine Safety Disclosures

Not applicable.

Item 4A. Executive Officers

The executive officers of Target as of March 15, 2012 and their positions and ages are as follows:

Name	Title	Age
Timothy R. Baer	Executive Vice President, General Counsel and Corporate Secretary	51
Anthony S. Fisher	President, Target Canada	37
John D. Griffith	Executive Vice President, Property Development	50
Beth M. Jacob	Executive Vice President, Technology Services and Chief Information Officer	50
Jodeen A. Kozlak	Executive Vice President, Human Resources	48
Tina M. Schiel	Executive Vice President, Stores	46
Douglas A. Scovanner	Executive Vice President and Chief Financial Officer	56
Terrence J. Scully	President, Financial and Retail Services	59
Gregg W. Steinhafel	Chairman of the Board, President and Chief Executive Officer	57
Kathryn A. Tesija	Executive Vice President, Merchandising	49
Laysha L. Ward	President, Community Relations and Target Foundation	44

Note: John J. Mulligan, 46, will replace Mr. Scovanner as Executive Vice President and Chief Financial Officer, effective April 1, 2012. From that date until his planned retirement in November 2012, Mr. Scovanner will continue to be employed by Target in a non-executive officer capacity.

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Each officer is elected by and serves at the pleasure of the Board of Directors. There is neither a family relationship between any of the officers named and any other executive officer or member of the Board of Directors nor any arrangement or understanding pursuant to which any person was selected as an officer. The service period of each officer in the positions listed and other business experience for the past five years is listed below.

Timothy R. Baer	Executive Vice President, General Counsel and Corporate Secretary since March 2007.
Anthony S. Fisher	President, Target Canada since January 2011. Vice President, Merchandise Operations from February 2010 to January 2011. From January 1999 to February 2010, Mr. Fisher held several leadership positions with Target in Merchandise and Merchandise Planning.
John D. Griffith	Executive Vice President, Property Development since February 2005.
Beth M. Jacob	Executive Vice President and Chief Information Officer since January 2010. Senior Vice President and Chief Information Officer from July 2008 to January 2010. Vice President, Guest Operations, Target Financial Services from August 2006 to July 2008.
Jodeen A. Kozlak	Executive Vice President, Human Resources since March 2007.
John J. Mulligan	Executive Vice President and Chief Financial Officer, effective April 1, 2012. Senior Vice President, Treasury, Accounting and Operations since February 2010. Vice President, Pay and Benefits from February 2007 to February 2010.
Tina M. Schiel	Executive Vice President, Stores since January 2011. Senior Vice President, New Business Development from February 2010 to January 2011. Senior Vice President, Stores from February 2001 to February 2010.
Douglas A. Scovanner	Executive Vice President and Chief Financial Officer since February 2000.
Terrence J. Scully	President, Financial and Retail Services since March 2003.
Gregg W. Steinhafel	Chief Executive Officer since May 2008. President since August 1999. Director since January 2007. Chairman of the Board since February 2009.
Kathryn A. Tesija	Executive Vice President, Merchandising since May 2008. Senior Vice President, Merchandising from July 2001 to April 2008.
Laysha L. Ward	President, Community Relations and Target Foundation since July 2008. Vice President, Community Relations from February 2003 to July 2008.

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PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed on the New York Stock Exchange under the symbol "TGT." We are authorized to issue up to 6,000,000,000 shares of common stock, par value $0.0833, and up to 5,000,000 shares of preferred stock, par value $0.01. At March 12, 2012, there were 16,879 shareholders of record. Dividends declared per share and the high and low closing common stock price for each fiscal quarter during 2011 and 2010 are disclosed in Note 29 of the Notes to Consolidated Financial Statements, included in Item 8, Financial Statements and Supplementary Data.

In November 2007, our Board of Directors authorized the repurchase of $10 billion of our common stock. Since the inception of this share repurchase program, we have repurchased 188.6 million common shares for a total cash investment of $9,721 million ($51.54 per share). In January 2012, our Board of Directors authorized a new $5 billion share repurchase program. Upon completion of the current program, we expect to begin repurchasing shares under this new authorization primarily through open-market transactions.

The table below presents information with respect to Target common stock purchases made during the three months ended January 28, 2012, by Target or any "affiliated purchaser" of Target, as defined in Rule 10b-18(a)(3) under the Exchange Act.

Period	Total Number of Shares Purchased *(a)(b)*	Average Price Paid per Share *(a)*	Total Number of Shares Purchased as Part of Publicly Announced Programs *(a)*	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Programs
October 30, 2011 through November 26, 2011	500,000	$ 52.35	186,030,743	$ 413,469,141
November 27, 2011 through December 31, 2011	2,460,638	52.46	188,483,902	284,784,698
January 1, 2012 through January 28, 2012	123,772	50.20	188,607,674	5,278,571,598
	3,084,410	**$ 52.35**	**188,607,674**	**$ 5,278,571,598**

(a) The table above includes shares reacquired upon settlement of prepaid forward contracts. For the three months ended January 28, 2012, 0.2 million shares were reacquired through these contracts. At January 28, 2012, we held asset positions in prepaid forward contracts for 1.4 million shares of our common stock, for a total cash investment of $61 million, or an average per share price of $44.21. Refer to Notes 24 and 26 of the Notes to Consolidated Financial Statements for further details of these contracts.

(b) The number of shares above includes shares of common stock reacquired from team members who wish to tender owned shares to satisfy the tax withholding on equity awards as part of our long-term incentive plans or to satisfy the exercise price on stock option exercises. For the three months ended January 28, 2012, 7,479 shares were reacquired at an average per share price of $53.48 pursuant to our long-term incentive plan.

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	Fiscal Years Ended					
	February 3, 2007	February 2, 2008	January 31, 2009	January 30, 2010	January 29, 2011	January 28, 2012
Target	$ 100.00	$ 92.80	$ 51.45	$ 85.96	$ 92.57	$ 87.09
S&P 500 Index	100.00	98.20	59.54	79.27	96.12	101.24
Previous Peer Group	100.00	94.02	68.93	94.17	112.57	127.02
Current Peer Group	100.00	91.44	70.87	86.95	97.40	107.81

The graph above compares the cumulative total shareholder return on our common stock for the last five fiscal years with (i) the cumulative total return on the S&P 500 Index, (ii) the peer group used in previous filings consisting of the companies comprising the S&P 500 Retailing Index and the S&P 500 Food and Staples Retailing Index (Previous Peer Group), and (iii) a new peer group consistent with the group used in our annual proxy statement filings (Current Peer Group) over the same period. The Previous Peer Group index consists of 40 general merchandise, food and drug retailers. The Current Peer Group consists of 14 general merchandise, department store, food and specialty retailers which are large and meaningful competitors. This group includes Best Buy, Costco, CVS Caremark, Home Depot, J. C. Penney, Kohl's, Kroger, Lowe's, Macy's, Safeway, Sears, Supervalu, Walgreens, and Walmart. The change in peer groups was made in order to move from a published industry index to a group consisting of the same companies we use as our retail peer group for our definitive Proxy Statement to be filed on or about April 30, 2012.

Both peer groups are weighted by the market capitalization of each component company. The graph assumes the investment of $100 in Target common stock, the S&P 500 Index, the Previous Peer Group and the Current Peer Group on February 3, 2007, and reinvestment of all dividends.

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Item 6. Selected Financial Data

	As of or for the Year Ended					
(millions, except per share data)	**2011**	**2010**	**2009**	**2008**	**2007**	**2006** *(a)*
Financial Results:						
Total revenues	**$ 69,865**	$ 67,390	$ 65,357	$ 64,948	$ 63,367	$ 59,490
Net earnings	**2,929**	2,920	2,488	2,214	2,849	2,787
Per Share:						
Basic earnings per share	**4.31**	4.03	3.31	2.87	3.37	3.23
Diluted earnings per share	**4.28**	4.00	3.30	2.86	3.33	3.21
Cash dividends declared per share	**1.15**	0.92	0.67	0.62	0.54	0.46
Financial Position:						
Total assets	**46,630**	43,705	44,533	44,106	44,560	37,349
Long-term debt, including current portion	**17,483**	15,726	16,814	18,752	16,590	10,037

(a) Consisted of 53 weeks.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Executive Summary

Consolidated revenues were $69,865 million for 2011, an increase of $2,475 million or 3.7 percent from the prior year. Consolidated earnings before interest expense and income taxes for 2011 increased by $70 million or 1.3 percent over 2010 to $5,322 million. Cash flow provided by operations was $5,434 million, $5,271 million and $5,881 million for 2011, 2010 and 2009, respectively. Diluted earnings per share in 2011 increased 7.0 percent to $4.28 from $4.00 in the prior year. Adjusted diluted earnings per share, which we believe is useful in providing period-to-period comparisons of the results of our U.S. operations, increased 14.3 percent to $4.41 in 2011 from $3.86 in the prior year.

Earnings Per Share				Percent Change	
	2011	**2010**	**2009**	**2011/2010**	**2010/2009**
GAAP diluted earnings per share	**$ 4.28**	$ 4.00	$ 3.30	**7.0%**	21.4%
Adjustments *(a)*	**0.13**	(0.14)	(0.04)		
Adjusted diluted earnings per share	**$ 4.41**	$ 3.86	$ 3.26	**14.3%**	18.4%

Note: A reconciliation of non-GAAP financial measures to GAAP measures is provided on page 20.

(a) Adjustments represent the diluted EPS impact of our 2013 Canadian market entry, favorable resolution of various income tax matters and the loss on early retirement of debt.

Our financial results for 2011 in our U.S. Retail Segment reflect increased sales of 4.1 percent over the same period last year due to a 3.0 percent comparable-store increase combined with the contribution from new stores. In 2011 we experienced a slight reduction in U.S. Retail Segment EBITDA margin rate compared to 2010, due primarily to a decrease in gross margin rate, partially offset by a favorable selling, general and administrative (SG&A) expense rate. U.S. Retail Segment EBIT margin rate in 2011 was consistent with the 2010 rate. We opened 21 new stores in 2011 (13 net of 5 relocations and 3 closures). During 2010, we opened 13 new stores (10 net of 1 relocation and 2 closures).

In the U.S. Credit Card Segment, we achieved an increase in segment profit primarily due to declining bad debt expense driven by improved trends in key measures of risk in our accounts receivable portfolio.

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Our Canadian Segment was initially reported in our first quarter 2011 financial results, as a result of entering into an agreement to purchase the leasehold interests in up to 220 sites in Canada operated by Zellers Inc. (Zellers). We acquired leasehold interests in 189 Zellers sites for $1,861 million, and sold our right to acquire 54 of these sites to third-party retailers and landlords for $225 million. These transactions resulted in a final net purchase price of $1,636 million. We believe this transaction will allow us to open 125 to 135 Target stores in Canada, primarily during 2013. During 2011, Canadian Segment start-up costs totaled $74 million, and primarily consisted of compensation, benefits and consulting expenses. These expenses are reported in selling, general and administrative expense within the consolidated statement of operations.

Management's Discussion and Analysis is based on our Consolidated Financial Statements in Item 8, Financial Statements and Supplementary Data.

Analysis of Results of Operations

U.S. Retail Segment

U.S. Retail Segment Results (millions)	2011	2010	2009	Percent Change 2011/2010	Percent Change 2010/2009
Sales	**$ 68,466**	$ 65,786	$ 63,435	**4.1%**	3.7%
Cost of sales	**47,860**	45,725	44,062	**4.7**	3.8
Gross margin	**20,606**	20,061	19,373	**2.7**	3.5
SG&A expenses *(a)*	**13,774**	13,367	12,989	**3.0**	2.9
EBITDA	**6,832**	6,694	6,384	**2.1**	4.9
Depreciation and amortization	**2,067**	2,065	2,008	**0.1**	2.8
EBIT	**$ 4,765**	$ 4,629	$ 4,376	**2.9%**	5.8%

EBITDA is earnings before interest expense, income taxes, depreciation and amortization.

EBIT is earnings before interest expense and income taxes.

Note: See Note 28 to our Consolidated Financial Statements for a reconciliation of our segment results to earnings before income taxes.

(a) Effective with the October 2010 nationwide launch of our 5% REDcard Rewards loyalty program, we changed the formula under which the U.S. Retail Segment charges the U.S. Credit Card Segment to better align with the attributes of this program. Loyalty program charges were $258 million in 2011, $102 million in 2010 and $89 million in 2009. In all periods, these amounts were recorded as reductions to SG&A expenses within the U.S. Retail Segment and increases to operations and marketing expenses within the U.S. Credit Card Segment.

U.S. Retail Segment Rate Analysis	2011	2010	2009
Gross margin rate	**30.1%**	30.5%	30.5%
SG&A expense rate	**20.1**	20.3	20.5
EBITDA margin rate	**10.0**	10.2	10.1
Depreciation and amortization expense rate	**3.0**	3.1	3.2
EBIT margin rate	**7.0**	7.0	6.9

Rate analysis metrics are computed by dividing the applicable amount by sales.

Sales

Sales include merchandise sales, net of expected returns, from our stores and our online business, as well as gift card breakage. Refer to Note 2 of the Notes to Consolidated Financial Statements for a definition of gift card breakage. Total sales for the U.S. Retail Segment for 2011 were $68,466 million, compared with $65,786 million in 2010 and $63,435 million in 2009. All periods were 52-week years. Growth in total sales between 2011 and 2010, as well as between 2010 and 2009, resulted from higher comparable-store sales and additional stores opened. Inflation did not materially affect sales during 2011 or 2010. During 2009, we experienced a deflationary impact on sales of approximately 3.6 percentage points.

Refer to the Merchandise section in Item 1, Business, for additional product category information.

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Comparable-store sales is a measure that highlights the performance of our existing stores by measuring the change in sales for such stores for a period over the comparable, prior-year period of equivalent length. The method of calculating comparable-store sales varies across the retail industry. As a result, our comparable-store sales calculation is not necessarily comparable to similarly titled measures reported by other companies.

Comparable-store sales are sales from our online business and stores open longer than one year, including:

- sales from stores that have been remodeled or expanded while remaining open (including our current store remodel program)
- sales from stores that have been relocated to new buildings of the same format within the same trade area, in which the new store opens at about the same time as the old store closes

Comparable-store sales do not include:

- sales from general merchandise stores that have been converted, or relocated within the same trade area, to a SuperTarget store format
- sales from stores that were intentionally closed to be remodeled, expanded or reconstructed

Comparable-Store Sales	**2011**	**2010**	**2009**
Comparable-store sales change	**3.0%**	2.1%	(2.5)%
Drivers of change in comparable-store sales:			
Number of transactions	**0.4**	2.0	(0.2)
Average transaction amount	**2.6**	0.1	(2.3)
Units per transaction	**2.3**	2.5	(1.5)
Selling price per unit	**0.3**	(2.3)	(0.8)

In 2011, the change in comparable-store sales was driven by a slight increase in the number of transactions and an increase in the average transaction amount, reflecting an increase in units per transaction and a slight increase in selling price per unit. In 2010, the change in comparable-store sales was driven by an increase in the number of transactions and a slight increase in the average transaction amount, reflecting an increase in units per transaction largely offset by a decrease in selling price per unit. The collective interaction of a broad array of macroeconomic, competitive and consumer behavioral factors, as well as sales mix, and transfer of sales to new stores makes further analysis of sales metrics infeasible.

Our U.S. Credit Card Segment offers credit to qualified guests through our branded proprietary credit cards: the Target Visa Credit Card and the Target Credit Card (Target Credit Cards). Additionally, we offer a branded proprietary Target Debit Card. Collectively, we refer to these products as REDcards®. Beginning October 2010, guests receive a 5 percent discount on virtually all purchases at checkout every day when they use a REDcard at any Target store or on Target.com.

We monitor the percentage of store sales that are paid for using REDcards (REDcard Penetration), because our internal analysis has indicated that a meaningful portion of the incremental purchases on our REDcards are also incremental sales for Target, with the remainder representing a shift in tender type.

REDcard Penetration	**2011**	**2010**	**2009**
Target Credit Cards	**6.8%**	5.2%	5.2%
Target Debit Card	**2.5**	0.7	0.4%
Total Store REDcard Penetration	**9.3%**	5.9%	5.6%

Gross Margin Rate

Gross margin rate represents gross margin (sales less cost of sales) as a percentage of sales. See Note 3 of the Notes to Consolidated Financial Statements for a description of costs included in cost of sales. Markup is the difference between an item's cost and its retail price (expressed as a percentage of its retail price). Factors that affect markup include vendor offerings and negotiations, vendor income, sourcing strategies, market forces like raw material and freight costs, and competitive influences. Markdowns are the reduction in the original or previous

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price of retail merchandise. Factors that affect markdowns include inventory management, competitive influences and economic conditions.

Our gross margin rate was 30.1 percent in 2011, decreasing from 30.5 percent in the prior year, reflecting the impact of our integrated growth strategies of 5% REDcard Rewards and remodel program, partially offset by underlying rate improvements within categories. The REDcard Rewards program reduces category gross margin rates because it drives incremental sales among guests who receive 5% off on virtually all items purchased in our stores and online. The remodel program reduces the overall gross margin rate because it drives incremental sales with a stronger-than-average mix in lower-than-average gross margin rate product categories, primarily f