

**Frequency Initiatives** We have intensified our focus on items and categories that drive more frequent shopping trips and that appeal to specific guest segments, such as those experiencing major transitions in their lives.



**Commodities** Reflecting our guests' preferences, we have expanded our assortment of everyday essentials, raised the visibility of these items in our stores and in our marketing, and established pricing that is both compelling and competitive.



**Pharmacy** By offering knowledgeable, friendly assistance and convenience, Target pharmacies create added value for our guests. We are committed to deepening this guest relationship through improved communication and faster service.



**Consumables** We're expanding our selection of consumables with more meal and baking essentials, snacks, beverages and convenience items such as milk and orange juice — making Target an even better one-stop-shop for busy guests.



**Mom and Baby** Target is an important destination for expectant and new mothers. To increase their ease of shopping, we are now grouping together their high-demand items like diapers, formula, infant and toddler apparel and baby furniture and accessories.



**Movers** Target offers guests who are relocating or moving a broad array of core household basics, home fashions and decorative items to make their transition to their new home a smooth and pleasant experience.



**Wants & Needs** Guided by our Expect More. Pay Less. brand promise, we are unwavering in our commitment to create value for our guests. We fully recognize that our guests satisfy their wants through our offering of trend-right merchandise, exclusive brands and design partnerships...and, that our guests satisfy their needs with our reliable selection of consumables and commodities, exceptional prices and fast, convenient service. By maintaining an appropriate balance in this equation, Target is able to further strengthen guest loyalty, drive increased frequency and deliver superior financial performance.

## Buying Time

Guests shop with retailers who offer them what they want. And in many cases, what guests *want* is more time. As a result, we are keenly focused on producing an in-store shopping experience that is fast and convenient. In addition, Target and Marshall Field's have created Web sites that allow our guests to shop quickly and easily from the comfort of their own homes. In 2003, we expanded our online functionality to allow guests to link their Club Wedd and Marshall Field's Gift Registries and to purchase from the world's largest online gift assortment in a single transaction. This multi-channel approach to sales and marketing, and smart use of technology, satisfies a critical guest demand and generates profitable market share growth.

## A Consistent Commitment

Delivering the right balance of differentiation and value is the cornerstone of our strategy and is inherent in our Expect More. Pay Less. brand promise. Today, we believe that we're right on Target — but we also know we're far from finished. Our commitment to delight our guests with exciting fashions, exceptional convenience and selection, and superior value means that we will continue to embrace new trends and pursue new opportunities to sustain our competitive advantage.