

0-Forbes-Target Data Breach

Target

and its millions of customers just got a little bit worse [Disappointment]: the retailer said Friday morning that the information stolen between November 27 and December 15, 2013 included personal information of as many as 70 million people — more than the 40 million the company originally estimated .

On December 19, the retailer said that as many as 40 million credit card and debit card accounts may have been compromised during Black Friday weekend through December 15, and that information stolen included customer names, credit or debit card number, the card's expiration date and CVV (card verification value). Now, in an update on the hacking investigation, Target said that an additional 70 million people were affected, and the stolen customer information includes names, mailing addresses, phone numbers and email addresses. Target said that much of this data is "partial in nature," [Diminish] but it will nonetheless provide one year of free credit monitoring and identity theft protection to all guests who shopped at its U.S. stores. [Rebuild]

"I know that it is frustrating for our guests to learn that this information was taken and we are truly sorry they are having to endure this [Rebuild]," Gregg Steinhafel, Target's chairman, president and CEO said in a statement Friday morning. "I also want our guests to know that understanding and sharing the facts related to this incident is important to me and the entire Target team." [Rebuild]

As a result of the incident, Target is lowering its fourth quarter 2013 earnings guidance, saying that it expects fourth quarter earnings to fall in the range of \$1.20 to \$1.30 per share, down from the previously announced \$1.50 to \$1.60 per-share range. [Anger] The retailer also adjusted its sales outlook, now saying that it expects a comparable sales decline of 2.5%, versus its prior guidance of flat comparable sales. Target said this

expectation includes “meaningfully weaker-than-expected sales since the announcement, which have shown improvement in the last several days” and a comparable sales decline of 2% to 6% for the period in the quarter following the announcement of the data breach.

At this time, the retailer said, it is not able to estimate the full cost to the company related to the data breach. However, costs may include liabilities to payment card networks for reimbursements of credit card fraud and card reissuance costs, liabilities related to REDcard (its store credit card) fraud and card reissuance, liabilities from civil litigation, governmental investigations and enforcement proceedings, expenses for legal, investigative and consulting fees, and incremental expenses and capital investments for remediation activities. All of these costs could affect Target’s fourth quarter 2013 results and beyond.

Target will announce its full fourth quarter results on February 26, 2014.

Following the update on the number of customers affected and the lowered fourth quarter guidance, shares of Target dipped 1.5% in pre-market trading. Since the announcement of the data breach on December 19, shares of the company are up just 1.9%; the retailer finished 2013 with just a 7.6% gain.