

Target Provides Update on Data Breach and Financial Performance
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Company extends credit monitoring and identity theft protection to all guests

Target today announced updates on its continuing investigation into the recent data breach and its expected fourth quarter financial performance. As part of Target's ongoing forensic investigation, it has been determined that certain guest information -- separate from the payment card data previously disclosed -- was taken during the data breach.

This theft is not a new breach, but was uncovered as part of the ongoing investigation. At this time, the investigation has determined that the stolen information includes names, mailing addresses, phone numbers or email addresses for up to 70 million individuals.

Much of this data is partial in nature, but in cases where Target has an email address, the Company will attempt to contact affected guests. This communication will be informational, including tips to guard against consumer scams. Target will not ask those guests to provide any personal information as part of that communication. In addition, guests can find the tips on our [website](#).

"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," said Gregg Steinhafel, chairman, president and chief executive officer, Target. "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."

Guests will have zero liability for the cost of any fraudulent charges arising from the breach. To provide further peace of mind, Target is offering one year of free credit monitoring and identity theft protection to all guests who shopped our U.S. stores. Guests will have three months to enroll in the program. Additional details will be shared next week. To learn more, please go to target.com/databreach.

Update on Fourth Quarter Outlook

The Company also provided an update to its expected fourth quarter 2013 financial results. In its U.S. Segment, Target now expects fourth quarter 2013 adjusted EPS of \$1.20 to \$1.30, compared with prior guidance of \$1.50 to \$1.60. This outlook anticipates a fourth quarter 2013 comparable sales decline of approximately (2.5)%, compared with prior guidance of approximately flat comparable sales. The updated sales expectation reflects:

- Stronger-than-expected fourth quarter sales prior to the Company's December 19, 2013, announcement of a payment card data breach;
- 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 remainder of the quarter.

Prior to the announcement of the payment card data breach, fourth quarter REDcard penetration was in line with year-to-date trends. Since the announcement, penetration growth has moderated but remains hundreds of basis points stronger than a year ago.

The Company is not able to provide an update to its expected fourth quarter 2013 GAAP EPS, however, GAAP results are expected to include:

- (5) to (10) cents of dilution related to store closings (detail below), real estate impairments, and similar discrete events;
- approximately (45) cents of dilution related to the Company's Canadian Segment, compared with prior guidance of (22) to (32) cents, driven by the gross margin impact of continued efforts to clear excess inventory, and;
- net dilution of (1) cent due to the expected reduction in the beneficial interest asset related to the sale

of our credit card portfolio, partially offset by the resolution of income tax matters.

In addition, fourth quarter 2013 GAAP EPS may include charges related to the data breach. At this time, the Company is not able to estimate the costs, or a range of costs, related to the data breach. Costs may include liabilities to payment card networks for reimbursements of credit card fraud and card reissuance costs, liabilities related to REDcard fraud and card re-issuance, 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. These costs may have a material adverse effect on Target's results of operations in fourth quarter 2013 and/or future periods.

"In light of the recent data breach, our top priority is taking care of our guests and helping them feel confident in shopping at Target," said John Mulligan, EVP & CFO. "At the same time, we remain keenly focused on driving profitable top-line growth and investing our resources to deliver superior financial results over time. While we are disappointed in our 2013 performance, we continue to manage our business with great discipline and leverage our expense optimization efforts to reinvest in multichannel initiatives that generate long-term value for our shareholders."

Store Closings

After careful consideration of each location's financial performance, Target also announced today that it plans to close eight U.S. stores on May 3, 2014.

The stores affected by this announcement are located in: West Dundee, Ill.; Las Vegas, Nev.; North Las Vegas, Nev.; Duluth, GA; Memphis, Tenn.; Orange Park, Fla.; Middletown, Ohio; and Trotwood, Ohio. Eligible team members at these stores will be offered an opportunity to transfer to a similar position at a nearby Target location.

Miscellaneous

Statements in this release regarding fourth quarter 2013 sales and adjusted earnings guidance, the expected dilution related to store closings, real estate impairments and similar discrete events, the expected dilution related to the Company's Canadian Segment, and the impact of the data breach on the Company's results of operations are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements speak only as of the date they are made and are subject to risks and uncertainties which could cause the Company's actual results to differ materially. The most important risks and uncertainties include: (i) loss of guest confidence in the Company's ability to protect their information because of the data breach, and the adverse impact such loss of confidence may have on sales, (ii) the outcome of our pending and ongoing investigation, including our discovery of additional information relating to the data breach and our guests' and other stakeholders' reactions to that additional information, (iii) costs related to our investigation and resulting liabilities, and (iv) the risks described in Item 1A of the Company's Form 10-K for the fiscal year ended February 2, 2013. The adjusted diluted earnings per share expectation for fourth quarter 2013 excludes the dilution related to store closings, real estate impairments and similar discrete events, dilution related to the Company's Canadian segment, the expected reduction in the beneficial interest asset, the resolution of income tax matters, and any charges related to the data breach. This measure is not in accordance with, or an alternative for, generally accepted accounting principles in the United States. The most comparable GAAP measure is diluted earnings per share. Management believes adjusted EPS is useful in providing period-to-period comparisons of the results of the Company's U.S. operations. Adjusted EPS should not be considered in isolation or as a substitution for analysis of the Company's results as reported under GAAP. Other companies may calculate adjusted EPS differently than the Company does, limiting the usefulness of the measure for comparisons with other companies.

About Target

Minneapolis-based Target Corporation (NYSE: TGT) serves guests at 1,921 stores -- 1,797 in the United States and 124 in Canada -- and at Target.com. Since 1946, Target has given 5 percent of its profit through community grants and programs; today, that giving equals more than \$4 million a week. For more information about Target's commitment to corporate responsibility, visit Target.com/corporateresponsibility.

For more information, visit Target.com/Pressroom.

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