Target Corporation (NYSE:TGT) 2012 Shareholders Meeting June 13, 2012 2:30 PM ET

Executives

Gregg W. Steinhafel - Chairman, Chief Executive Officer and President

Timothy R. Baer - Executive Vice President, General Counsel and Corporate Secretary

Kathryn A. Tesija - Executive Vice President of Merchandising

Jodeen A. Kozlak - Executive Vice President of Human Resources

Gregg W. Steinhafel

Good afternoon, everyone. I'm Gregg Steinhafel, Chairman, President and Chief Executive Officer of Target Corporation, and I'll be serving as chair of today's meeting. On behalf of Target, it's my pleasure to welcome you to our 2012 Shareholders Meeting. We're glad you could join us in our new State Street CityTarget store, which will be among our first smaller-format urban stores to open next month. All right, and we are very excited about this concept and banner.

Before we continue, I'd like to acknowledge the members of Target's management team joining me on stage today. They are Tim Baer, Executive Vice President, General Counsel and Corporate Secretary; John Mulligan, Executive Vice President and Chief Financial Officer; Jodeen Kozlak, Executive Vice President of Human Resources; and Kathy Tesija, Executive Vice President of Merchandising. In addition, members of our Board of Directors are in attendance today, as well as other members of our executive management team.

The agenda for today's meeting includes a presentation of the proposals in this year's proxy statement, a description of our recent performance and outlook, an update in our key strategic initiatives and a question-and-answer session, which will occur at the conclusion of my remarks. As a reminder, any forward-looking statements that we make this afternoon are subject to risks and uncertainties, the most important of which are described in our SEC filings. Finally, in these remarks, we refer to both earnings per share and adjusted earnings per share. Adjusted earnings per share is a non-GAAP financial measure, and a reconciliation to our GAAP earnings per share is provided in our most recent 10-Q and 10-K filings.

Now let's turn to the business portion of the meeting. Tim Baer, our Corporate Secretary, has informed me that the notice requirements for this meeting have been satisfied. We have received proxies representing 88% of our outstanding shares, and we have a quorum. In addition, a table was set up near the entry for those wishing to vote. Anyone who did not vote by proxy was able to vote at that table earlier. The independent inspector of election is The Carideo Group. This year, shareholders were asked to consider and vote on 4 management proposals and 2 shareholder proposals.

Our first proposal is to elect directors for a 1-year term. The following individuals are the nominees for election as directors: Roxanne Austin, President of Austin Investment Advisors; Cal Darden, Chairman of Darden Development Group, LLC; Mary Dillon, President and Chief Executive Officer of U.S. Cellular Corporation; Jim Johnson, Vice Chairman of Perseus, LLC; Mary Minnick, partner, Lion Capital; Anne Mulcahy, Chairman of the Board of Trustees of Save The Children Federation, Inc.; Derica Rice, Executive Vice President, Global Services, and Chief Financial Officer of Eli Lilly and Company; Steve Sanger, former Chief Executive Officer and Chairman of the Board of General Mills; John Stumpf, Chairman of the Board, President and Chief Executive Officer of Wells Fargo & Company; Sol Trujillo, former Chief Executive Officer of Telstra Corporation Limited; and me, Gregg Steinhafel, Chairman of the Board, President and Chief Executive Officer of Target Corporation. Our 2012 proxy statement provides the background and qualifications of all the director candidates.

The second management proposal is to ratify the audit's committee appointment of Ernst & Young as the company's independent registered public accounting firm for the 2012 fiscal year. Representatives of the firm are here with us this afternoon.

The third management proposal is to approve the Target Corporation Officer Short-Term Incentive Plan.

The fourth management proposal is to approve Target's executive compensation through a nonbinding advisory vote known as Say-on-Pay.

Tim Baer will now present the formal motions of these management proposals as they were voted on by our shareholders.

Timothy R. Baer

Mr. Chairman, I move the approval of the following resolutions: to elect Roxanne Austin, Cal Darden, Mary Dillon, Jim Johnson, Mary Minnick, Anne Mulcahy, Derica Rice, Steve Sanger, John Stumpf, Sol Trujillo and Gregg Steinhafel as directors to serve a 1-year term; to ratify the appointment of Ernst & Young as the independent registered public accounting firm for the corporation's 2012 fiscal year; to approve the Target Corporation Officer Short-Term Incentive Plan; and to approve Target's executive compensation through a nonbinding advisory vote.

Gregg W. Steinhafel

Thank you, Tim. The polls are now closed on Items 1 through 4. The vast majority of shareholders who voted have supported the board's recommendation on each of the 4 management proposals, with at least 84% of the shares voted in support of the board's recommendation on each of the proposals.

Item 5 is the shareholder proposal dealing with electronics recycling. Larisa Ruoff, a representative of As You Sow, the proponent of this shareholder proposal, is here today and is recognized to speak for up to 3 minutes on this proposal.

Larisa Ruoff

Good afternoon. I'm here to speak on behalf of As You Sow and Target Corporation shareholders Margaret Law and Louise Todd [ph], filers of proposal Item #5 on the proxy statement.

As You Sow is a nonprofit group promoting corporate social responsibility. We are concerned that Target Corp., the fourth largest U.S. retailer of consumer electronics, lacks sufficient policies to ensure safe take-back and recycling of end-of-life electronics. Discarded electronics can contain toxic materials such as lead, mercury, cadmium and brominated flame retardants. The U.S. EPA estimates that only 18% to 20% of electronics discarded in the U.S. is recovered for recycling. Improper disposal of electronics can result in serious public health and environmental impacts. Old analog TV sets contain large amounts of lead; flat screen monitors contain mercury switches; and computer batteries contain cadmium; all of which can be harmful to human health if released into the environment. Electronics collected for recycling in the U.S. are often shipped to developing countries, where they can endanger human health and the environment. Research by Basel Action Network has revealed appalling conditions in the city of Guiyu, China, where approximately 100,000 migrant workers break apart and process old electronic equipment exported from the U.S. to China under primitive conditions that can harm their health. Workers openly burn plastic and wires and melt toxic circuit boards to extract gold, silver and copper.

We appreciate that our company does provide take-back for small electronics, such as music players and mobile phones, but lacks policies to take back larger items such as computers and televisions. Competitors such as Best Buy, Staples and Office Depot take back a wide variety of electronics. Our proposal this year asks the company to prepare a report on providing mechanisms to take back all old electronics sold, especially these larger items. The company uses recyclers certified to the R2 standard. We do not believe that the standard is sufficiently stringent to prevent improper export and recommend the company ask recyclers to adapt a stronger e-Stewards standard.

Please join us in supporting proposal #5 to send a strong message to the company to strengthen its recycling program using e-Stewards certification vendors and by taking back all sizes of consumer electronics. Thank you.

Gregg W. Steinhafel

Thank you, Larisa. The board's position on this proposal is set forth in our proxy statement.

Our final item is a shareholder proposal to adopt a policy prohibiting the use of corporate funds for any election or campaign. Larisa Ruoff, a representative of Green Century Equity Fund, the proponent of this shareholder proposal, is here today and is recognized to speak for up to 3 minutes on this proposal.

Larisa Ruoff

Thanks again. So I'm a representative of Green Century Capital Management, the investment adviser to the Green Century Equity Fund, which is the lead proponent of Item #6 in your proxy material.

This proposal requests that the Board of Directors commit to adopt a policy whereby the company would refrain entirely from using corporate funds for any political election or campaign. Our proposal seeks to ensure that Target Corporation protect against the reputational damage that may come from spending corporate general treasury funds to influence electoral politics.

Long-term shareholders and employees know firsthand the damage that can be caused by controversial political contributions. As many in this room are well aware, in 2010, Target made a $150,000 contribution to MN Forward, a group supporting a gubernatorial candidate in Minnesota who opposed marriage equality. In response, the company experienced boycotts and public backlash and the degradation of employee morale. We believe that this clearly indicates that even small contributions can result in big risks. But it's extremely difficult to determine in advance whether a contribution may be considered controversial. So we believe it's in Target's best interest to eliminate the risk entirely by refraining from political spending.

In an election year with so much attention being paid to the issue of money and politics, it's more important than ever for companies to exercise caution when making political contributions. In the 2 election cycles following the U.S. Supreme Court's landmark Citizens United decision, an unprecedented amount of money has flown into national and state-level political elections. This influx of corporate cash is deeply unpopular among the U.S. public. In February 2010, an ABC News/Washington Post poll found that 80% opposed Citizens United, and the poll noted that, "the bipartisan nature of these views is striking in these largely partisan times."

But as shareholders, we recognize that there are instances when the company does need to engage in the public policy process, and this resolution does not preclude the company from doing so. The resolution would affect only post Citizens United corporate political spending to influence elections. That is spending directly from the general treasury for independent expenditures, electioneering communications, 501(c)(4) corporations that spend to influence elections. The proposal would not affect lobbying, separate segregated fund contributions or the ability of employees and executives to make contributions.

We are proud Target shareholders and commend the company for its strong policies and procedures in many areas, particularly in its environmental sustainability. Furthermore, we are pleased to see that in response to the 2010 controversy, Target strengthened its internal procedures preventing political contributions, but we remain concerned that because the company is still free to make such contributions, risks still exist. I'm sure many in the company feel that the familiar Target Bullseye logo has turned into a Bullseye inviting controversy on this issue, but we believe that adopting this resolution provides Target the opportunity to be a leader on this issue while also eliminating a major pathway for such controversy. Therefore, we're encouraging all shareholders to vote in support of proxy Item 6, asking the company to refrain entirely from political spending.

Gregg W. Steinhafel

Thank you, Larisa. The board's position on this proposal is set forth in our proxy statement.

At this time, the polls are closed on Items 5 and 6. Based on our preliminary count of the proxies, neither proposal was approved by our shareholders, with each receiving less than 7% of the shares voted. Final results of the vote on all the proposals will be announced as soon as they're available.

That concludes the business portion of our meeting. Now let's turn to our performance for 2011 and the first quarter of this year. Last month, Target officially turned 50. Preparing for this major milestone gave us a unique opportunity to reflect on where we've been, where we're going and the consistencies in our approach. When we opened in 1962, we believe we could build a sustainable business that strengthened communities by continually anticipating consumers' shifting preferences. We believed that how we created value was important. And that value creation began with our business, by making it easy, affordable and fun for our guests to find food and everyday essentials, high-quality apparel and decor and virtually anything else they needed for their homes and their families. We believe that doing this well year after year would lead to profitable growth and that our growth and success would offer a further benefit because, just as today, we were committed to giving 5% of our income to support and strengthen communities.

Beginning with these values and 4 stores in Minnesota, Target generated $11 million in sales in 1962. Last year, with these principles and beliefs still central to our operating philosophy, we generated more than $69 billion in revenue. Today, as shareholders, I think we can be very proud that these values continue to inspire our team and drive our performance, and I'm equally proud that Target is well positioned to continue to deliver significant value to our guests, team members, shareholders and communities for many years to come.

Last fall, we outlined our long-range financial plan to reach $100 billion or more in sales and $8 or more in earnings per share by 2017. To achieve these 2017 results, we need to grow U.S. same-store sales over this period by 3% annually, preserve our current retail profit margin, deploy excess cash flow to retire 3% to 4% of our shares annually and continue to increase our dividend as we've done every year since 1971.

Despite a slow and uneven economic recovery and continued challenges facing low- and middle-income households, our full year 2011 and first quarter 2012 results give us confidence that we are on the right track. In 2011, we generated annual comparable store sales growth of 3%, our strongest annual performance since 2007 and right in line with our long-range plan. We maintained our retail EBITDA margin rate of 10%, which is critical to achieving our plan. Our sales rose by 4.1% during the year to more than $68 billion, and we were able to translate those sales into $4.28 of diluted earnings per share, a 7% increase over 2010. Adjusted EPS, a measure which excludes the impact of our Canadian investments and other unique or onetime items, reached $4.41, which was a 14.2% increase above 2010 and a reflection of the outstanding performance in our U.S. business segments. In addition to investing prudently in our core business, we invested about $1.8 billion in share repurchase, reducing outstanding shares by more than 5%, and increased our dividend for the 40th consecutive year. In all, we returned more than $2.5 billion or nearly 90% of our income to our shareholders through a combination of dividends and share repurchase.

Our trend so far in 2012 has been equally encouraging with better-than-expected first quarter earnings and our largest quarterly comparable store sales increase in more than 6 years. And earlier today, our Board of Directors approved a quarterly dividend of $0.36 payable September 10, a 20% increase over the $0.30 dividend we've paid in each of the last 4 quarters. This will be our 180th consecutive dividend paid since our company went public in October of 1967.

Looking at these results in the broader context of our company principles, I am proud to say we continue to create value that goes well beyond strong shareholder returns. Our profitable performance fuels job growth and economic activity in thousands of local communities and creates development and global leadership opportunities for our diverse and talented team members. It drives sustained shareholder value and makes innovation and continuous improvement possible through our worldwide operations, and it enables us to give more than $3 million a week to support and strengthen our communities through our unwavering 5% giving commitment. At our current pace of growth, Target's giving will likely exceed $4 million a week in the near future. And last year, we also made a positive impact with our responsible sourcing initiatives and made progress toward our publicly stated corporate responsibility goals, such as helping more grade school students read at grade level, giving $1 billion for education by the end of 2015, reducing waste, improving transportation efficiency and supporting team member well-being.

All credit for these accomplishments go to our tremendous Target team, including the team members you see with us here today in red and khaki who are preparing to open this store next month. Our team members are the passionate force behind the Bullseye, and I'd like all of us, as shareholders, to give them a round of applause for the great work they do day in and day out.

Our team is highly engaged and committed to our guests and our strategy. Since 1994, we've summed up our strategy in our timely brand promise, "Expect More. Pay Less." This remains our model for the future and strikes the right balance for our business across channels, guest segments and shopping styles in all economic conditions. It's why guests visited Target more often last year and spent more in an environment in which budget-conscious consumers were shopping and spending less overall. And our strategy continues to guide us toward winning initiatives that become core to our business, such as our expanded grocery format for general merchandise stores and our 5% REDcard Rewards loyalty program. We continued to invest in both of these initiatives last year, expanding our grocery assortment and full-store merchandise reinventions to nearly 400 additional general merchandise stores, a company record for remodels. That brought the number of stores reflecting this new format to nearly 900 overall. This year, we expect to renovate an additional 230 general merchandise stores in addition to opening 20 to 25 new stores. We'll also remodel approximately 10 Super Target locations. Our remodeled stores experienced meaningful gains in traffic and sales, particularly in frequently shopped categories like grocery, health and beauty and household essentials.

We also continued to see meaningful increases in guest trips and spending with our very successful 5% REDcard Rewards loyalty program. This integrated retail program delivers an immediate and compelling 5% savings on top of our already competitive prices, along with the confidence provided by our price-match guarantee, which matches competitors' locally advertised prices. REDcard guests are visiting more often and shopping more categories each time they shop, causing spending on REDcards to increase significantly last year. Our REDcard penetration increased to 9.3% in 2011, up from 5.9% in fiscal 2010. In the first quarter of this year, penetration jumped again to 11.6%. And in Kansas City, where we launched this program a year ahead of the rest of the country, penetration was nearly 16% in the first quarter of 2012. This gives us a high degree of confidence that 5% REDcard Rewards will continue to generate incremental sales and traffic for some time to come. Notably, most of this incremental penetration is coming from debit cardholders, who, just like our credit card holders, increase their spending with us more than 50% once they receive their cards.

At the same time, we've remained passionately committed to differentiation and affordable design. Since our shareholders meeting last year, Target has delivered ambitious and sought-after design partnerships from Missoni and

Jason Wu, as well as our latest innovation in the leading-edge merchandise partnerships, The Shops At Target. This commitment remains critical because, on the heels of the recession, guests continue to be very deliberate about discretionary purchases, but they are willing to splurge on home goods and apparel if the combination of style, quality and value is compelling, as it continues to be at Target.

Today, in the first weeks of our second half-century, Target is embracing and driving change and thoughtful risk-taking across our company, seeing endless opportunities in the rapidly changing retail environment. We continue to build on what we do well, the things that perpetually set Target apart, like our fun shopping experience with fast and friendly service, our distinctive marketing that reflects our guests' taste and aspirations, our unwavering commitment to corporate social responsibility in communities and our continuous focus on value, price competitiveness and exclusive offerings. A prime example is our stellar owned-brand portfolio, which now includes 10 owned or exclusive brands that generate $1 billion or more in annual sales each. These brands have become a reason why guests shop at Target, not just something they grab while they shop at Target.

At the same time, we're prioritizing investments in key strategic initiatives that will spur growth and help us achieve our long-range financial goals. First, CityTarget, including this beautifully renovated State Street landmark, extends our brand and strategy to urban areas and guests who already have a high affinity for Target but can't always get to our stores. Next month, we'll open our first CityTarget locations in Los Angeles, Seattle and here on State Street. In October, we'll open our second site in L.A. and our first in San Francisco. And next year, we'll debut CityTarget in Portland, Oregon, and open our third L.A. location.

In addition to store investments, we're also devoting significant resources to our multichannel initiatives. People are shopping differently today, focusing more on value and using an array of tools and channels to browse and buy. Our guests expect and deserve the high-quality Target experience they're used to, wherever, whenever and however they choose to shop. Delivering this seamless cross-channel experience is one of our very top priorities. Since relaunching target.com last fall, we've continued to invest in site stability and usability, setting the stage for future enhancements, including further alignment between our store and digital experience.

And finally, there's our move into Canada. We're just beyond the halfway point between the announcement of our expansion and our first store opening next spring. We have a strong executive team in place at our new headquarters in Mississauga, Ontario, and we continue to hire talented team members who will bring the Target brand to life for our Canadian guests. In addition, we're building 3 distribution centers across Canada and working closely with the Canadian vendor community to develop the foundation for our business. Expanding beyond our northern border is exciting in its own right and so is the tremendous growth opportunity this represents. We expect Target Canada to deliver $6 billion or more in sales and $0.80 or more in earnings per share by 2017. Each day, our Target Canada team on the ground is learning more, getting to know our new neighbors and guests and strengthening our community ties. All of these personnel interactions validate what we saw in the extensive research we completed before our real estate transaction for Zellers' leasehold interests last year, specifically that our superior shopping experience, focus on value and longstanding commitment to corporate social responsibility will resonate with our guests across Canada.

A lot has changed in our first 50 years in business, but some things haven't. Target remains as enthusiastic about listening to our guests and as innovative and adaptable in anticipating their needs as we were on our opening day. The long-term view, ethical practices and the drive to do exceptionally well for our guests, team members, shareholders and communities still influence everything we do. And our team continues to energetically embrace the opportunities before us, working with speed and constantly challenging the status quo to drive benefits for all of our stakeholders. As a result, I certainly believe we're creating a future that's every bit as bright as our first 50 years have been.

Thank you for your confidence and your ongoing support of our board and management team. This concludes our update for this afternoon. Now we'll take question and answers regarding the company's business. As chair, I'll facilitate this question-and-answer session, directing questions as appropriate to the members of our management team who are here with us today. John Mulligan, whose responsibility as Chief Financial Officer includes our shareholders' communications, is available along with Target's investor communications team throughout the year to engage in further dialogue on today's issues or other business-related topics. Shareholders wishing to ask a question related to our business should approach the microphone to be recognized. Please state your name and indicate whether you are a shareholder or a proxy for a shareholder before answering your question -- before asking your question.

Question-and-Answer Session

Unknown Attendee

My name is Sharon Sanders [ph], and I am a proxy. I'm also a shareholder of many companies, and I will want to go back to what that young lady said earlier on, if I may. I've always thought that corporations have a job to respond to their shareholders and not the political process. I, as a shareholder, do not want a corporation to have a political view. I understand the need to lobby for the best interest of the corporation. I would like you to explain to me why -- and I don't care what side of the alley you're on politically, why you would be interested in ALEC, even though I know they're pro-business, why you, as a corporation or board, just deal with corporations on their issues and not get involved with political issues.

Gregg W. Steinhafel

Tim, do you want to respond to that?

Timothy R. Baer

Sure. If your question is about ALEC, the answer is pretty crisp. We are not members of ALEC, nor have we ever been.

Unknown Attendee

[indiscernible] just political affiliations or political lobbying, what is the reason for a corporation, which is public and has shareholders of many different views and different political sides, to even get involved with politics at all?

Timothy R. Baer

Well, this is a topic that we've discussed very much internally for quite a while. And the conclusion is that it -- the political, the legislative, the regulatory environment does have and will continue to have a significant impact on our business operations. And so as Larisa mentioned earlier on, there may be a risk in participating. There's also a risk in not participating. So as we've fought through the appropriate role for Target in this space, we've tried to achieve the balance to approach it in the right way, to achieve the right outcome and to make sure that we bring perspective to this, so that whatever actions we take are aligned with our larger corporate goals and values that we have good governance over that process to make sure we stay true to course over time and that we're transparent.

Gregg W. Steinhafel

I would just add that we focus our energies around 2 very important initiatives that have significant impact on this corporation, and the 2 ones that we are clearly focused on have been the swipe card fee initiative in 2011. And right now, it's e-fairness. And we believe that it's important for us to have a seat at the table because we want a level playing field. And this is part of where we would expect and you would expect us as good stewards to be engaged in this kind of debate to make sure that all retailers pay a fair sales tax in their local communities and some -- not getting a free pass like some are today.

Unknown Attendee

And I understand that. My last comment is that as a result of Citizens United and the Super PACs, if the fields are not level and I -- this is what I am fighting very hard for, I think people do not have a chance when the super-rich can buy the election. So that's my concern. Thank you.

Gregg W. Steinhafel

Thank you for your comments.

Unknown Shareholder

Hello, my name is Tom Strobar [ph]. I've been a shareholder since it was Dayton Hudson stores. And outside, I received a flyer for one of the protest groups about the $150,000 contribution to a gentleman who ran for governor, whose apparent biggest sin was he was for traditional marriage. No other sins seem to have been mentioned about this, which Mr. Steinhafel later apologized for, if I understand that correctly. Now to go on to suggest that any future political contributions would have to be run by something akin to marriage police, in other words that our corporate policy will now be trumped by the candidate's issue and stance on marriage, which is bizarre in its own way and -- but it certainly seems that, that was the message given by this. And maybe we didn't learn our lesson or maybe we learned it a little bit too much. But I also recently heard -- now this -- for those don't know, this is Gay Pride Month. And Target, in response to that, is selling T-shirts, gay pride T-shirts. They're giving the proceeds to an organization who seeks to overthrow the marriage laws in 40 different states in this country, which, by the way, the most recent state that voted on this voted 61 to 39 to approve traditional marriage. It's not in Minnesota, but Target doesn't do business just in Minnesota. This same organization would seek to get rid of groups like Catholic Charities in the adoption business because Catholic

Charities prefers married heterosexual couples to adopt children. And as a result of this, we now have boycotts from the conservative, pro-family, pro-traditional side. And it's somewhat for obvious reason. And my question is, really, these are hot button political issues. These are culture wars that are out there. When are we going to start running this corporation for the interest of the shareholders, like myself and most of the people here, and not get involved in these hot button cultural issues? Thank you.

Gregg W. Steinhafel

Kathy, do you want to…

Kathryn A. Tesija

Certainly. Target has many stakeholders, and we realize that there are strongly held views, very different views, on this particular issue. And in terms of the pride merchandise, we had been asked for several years by both our team members, as well as guests to carry pride merchandise, in particular, as it leads up to June, Pride Month. As so this year, we decided to carry a limited assortment. We have 10 T-shirts that we're carrying online only for a limited time frame to address those -- that request.

Gregg W. Steinhafel

I can assure you -- to your other comment, I can assure you that this board and all 365,000 team members at Target have our shareholders in mind. And the team works very hard every day to try and deliver great shareholder value across the enterprise. So I think it's a little bit of an unfair shot at the team that worked so hard to deliver a great guest experience.

Justin Danhof

Hi, good afternoon. My name is Justin Danhof, and I'm here as a proxy, and I also represent the National Center for Public Policy Research. We're a free-market think tank and also a shareholder. I appreciate the opportunity to speak with you. Mr. Steinhafel, your company is a member of the Retail

Industry Leaders Association that goes by RILA. It's one of the country's largest trade organizations. Recently, RILA launched its massive sustainability campaign that lobbies for and mandates, among other things, reductions in greenhouse gas emissions, reducing the environmental footprint of consumer products and sustainability labeling for consumer products. And your company's own website states that, "Environmental sustainability at Target is integrated throughout our business from how we build our stores to the products on our shelves." Our basic concern as a shareholder is that this push for an undefinable so-called sustainability will negatively affect Target's smaller suppliers, the consumers and the shareholders, those people that will ultimately bear the cost of this self-imposed green regulation that Target and other RILA members are advancing. It appears to us that retailers are trying to cleanse their guilt over selling consumer products by advancing this green initiative. However, the costs are going to be borne out by your smaller suppliers, your customers and your shareholders. So my questions are, Mr. Steinhafel, why should your suppliers and consumers have to pay more for products so you can feel better about your perceived impact on the environment? And will you commit today to issue a separate financial cost-benefit analysis detailing your company's sustainability campaigns so that Target shareholders here can have some transparency and see exactly how much it's costing this company annually?

Gregg W. Steinhafel

Tim, do you want to…

Timothy R. Baer

Sure, I'll take that. With respect to -- really, yes, we are members, and we have participated with them on a range of issues. We’re not aware that RILA has established any position on sustainable practices. They do bring people together for conversation on this topic, and we participate in that. We've established our own sustainability practices. In fact, in the Here For Good report that you can find online, you'll see how we've attempted to incorporate those practices into a variety of our business operations in a way that makes sense for all of our constituents. So the lens that we apply to those practices is one that relates to the guest. This is a product or service that will resonate, and it also applies to you as a shareholder. Is this something that will go to our bottom line and make ongoing sense as a business concern? So we balance out a number of different considerations. And we believe that when you read that report, you'll see that we've taken responsible view of sustainability in a way that produces good outcomes for everyone that has an interest in this topic.

Justin Danhof

Okay. I guess as a quick follow-up, I mean, if I go to that report, am I going to see the full cost and full benefit? Because online, it seems like there's just a few cherry-picked, feel-good stories about sustainability here and there. And is there a way that a customer can know, "I'm paying a markup for this product because the company wants to label it as sustainable"? Can the -- is there any transparency for the customer and for the shareholder in how much this is costing?

Timothy R. Baer

Soon when you go to the online report, you will see much more detail. We established some specific goals in different areas that we'll report progress on very soon. So you will get much more detail around how we are proceeding against those goals. With respect to specific financial breakouts by specific bucket, no, that will not be included.

Justin Danhof

Okay. Thank you.

Unknown Shareholder

[Spanish] Mr. Chairman. I'm Jane Garcia [ph]. I'm from the great city of Detroit, Michigan. I'm here representing National Fed [ph]. Board of Directors, thank you. All the team members, thank you. I can't begin to tell you how wonderful it is to come to a corporate stockholders meeting and see the diversity that you all have, Board of Directors that give back to their communities through their own organizations and their corporations. I think it's very important that we look at that. I haven't come -- in Golden, Colorado, there was 5 of us. It's a wonderful to turn around and see an urban city like Chicago and see such great outpour of shareholders. I thank you all for showing up today. I want to make sure that you know that it -- as a community organizer and a social worker from an urban city like Detroit, I would love to see something like this. And we're right across the street, Mr. Chairman, from Windsor, by the way. I just thought you should look at the other border town as you look at it as your expansion and you look for the future because you've already thought out of the box when you bring in food and you bring in clothes and you go to a Target. And everywhere you go -- and I don't care. I travel across this country. Everywhere I go and I go to a Target, the service is the same. It's always with a smile, "Can we help you?" I think that says a lot about a corporation, and I think that it needs to be stated that we are so appreciative as consumers. And as a stockholder, I'm more appreciative. A special thank you to Ms. Ward [ph], who always -- over the foundation and always makes sure that if we ask a question, she answers it. I think those are the important things when you look at a corporation, and I'm very proud to be here. [Spanish].

Gregg W. Steinhafel

Thank you, Jane [ph].

Unknown Shareholder

I am Jennifer Epstein [ph]. I'm the granddaughter of Louis Epstein who sold his chain of Pickwick Bookshops in 1968 to what is now Target. I am Aaron's daughter, with whom I'm -- most of you are familiar. Family holidays were very important to my grandfather, and he would not have sold his company to one that denied its employees time with their loved ones on those occasions. I was very disturbed to learn that Target demanded this of their workers. And yes, I did note that several from Target corporate cut short their own holiday, but many employees did not have this choice if they wished to keep their jobs. My feeling is that promoting online shopping rather than doorbuster sales during the Target -- during Thanksgiving weekend and other holiday weekends would be safer for both customers and employees, better for worker morale and more -- ultimately more profitable for the company. Thank you.

Gregg W. Steinhafel

Thank you for your comments.

Kelley Ford

Hi, my name is Kelley Ford, and I'm here for TakeAction Minnesota. It's located in the same area you are located at in Target in Minneapolis. And also, I'm here for National People's Action. I'm a proud 99 percenter. I just want to start off by saying that this story that I'm providing real quickly is regarding about -- there's no need for security. The story that I'm providing is about a woman who actually applied for a job. So this is about the hiring process that you have here. So Tiffy Mason [ph], who applied for a job in Minneapolis, is a community leader, lives -- actually gives back through volunteering and helping others who have experiences with criminals throughout the criminal justice system. It was her brother who actually had a past criminal record that actually drives her to like -- do volunteer work. After a layoff, she came to Target because Target is a good corporation, right, to get a job for employment, all right? So not only was she qualified, she was offered the job, all right, and was set to start on her new job, April 4 of this year. But guess what? She didn't get that job because LexisNexis -- and that's not a new car or anything like that. LexisNexis that does the data harvesting that you all do, decided that she had a criminal record because she was -- she expunged that record. Now in your application, in your job application, it does say, and I -- you probably know what it is exactly, is that, "Had you ever been convicted of a crime?" on your application. And you don't have to check yes if your conviction had been expunged or annulled, et cetera, et cetera. So her record was expunged, yet she did not get the job. So they ran that background check on her. Here we have a qualified woman was offered a job by Target and was denied because her convictions trumped her qualifications which was approved by Target, mind you. So the question is I have for you, is what will Target change in its policies to lead the industry and ensure that people qualified for positions can get jobs and contribute back to society? We have people with past criminal records that want to contribute, and they deserve to contribute. And they want to be a part of this. We need you to be a partner and be a leader in our community.

Gregg W. Steinhafel

Jodeen, do you want to…

Jodeen A. Kozlak

Yes. So let's put the background check process into perspective here because I agree, and Target has done a very nice job of putting together a nondiscriminatory legal background process that really does balance the needs of qualified applicants with the needs of the business. And in that regard, a criminal conviction will not bar you from employment at Target unless -- and it's very important, unless the nature of that conviction would somehow compromise the safety, the welfare of our team, of our guests or somehow compromise the property. And so we're very conservative in terms of how we approach that. We're very fair and neutral in terms of how we engage with applicants on that issue. And with regard to the organization that you represent, I know we've been actively engaged in discussing this and very cooperatively working with you and answering all of your questions. So I hear the point that you're making. But from a fair and balanced perspective, we feel like we already do take a leadership role in terms of really making sure applicants get a fair shake but the business and the team and the guests are protected and...

Kelley Ford

So let me ask you this question, can you just remove the question about the criminal records from the application?

Jodeen A. Kozlak

No, we will not do that.

Kelley Ford

But the woman was -- you had already approved her already and she was -- in that fine-printed piece of paper, in that paper on the application, it says expunged.

Jodeen A. Kozlak

We're very comfortable that the application process from start to finish yields a fair and completely legal approach to hiring, honestly, the best team in retail.

Kelley Ford

Thank you.

Aaron Epstein

Hello, dear friends. My name is Aaron Epstein. I'm a shareholder from North Hollywood, California. I do notice something a little bit different this year, and I congratulate the team upfront because in the past in many -- and it happens in -- going before governmental committees and other shareholder meetings, when people bring up controversial issues, they simply hear as reply, "Thank you for speaking. Next question, please." But today, it's a credit to you that you did respond, perhaps not what people wanted to hear, but you did respond, and maybe some of the people were pleased with what you have to say. I know I talk like a broken record today because year after year after year, I keep saying, "Why don't you hold the shareholder meeting in California, my home state?" But having said this, there is historic significance, and it's being here today in Chicago and at this iconic address that is both memorialized in song and fiction, State Street. And just before this meeting, I was talking to John Griffith, who heads your real estate department, and he told me something I wasn't aware of. This is a Louis Sullivan building. It's over 100 years old. And as a preservationist in Hollywood, it's to be commended for not tearing down historic buildings but putting historic buildings to new uses. And that's what's being done here. Also, though, it is well that it's being -- the meeting is being held here in Chicago because some of the great mass merchandisers of this nation had their beginnings in this city. I bring to mind Marshall Field in the 1800s; Montgomery Ward started by Aaron Montgomery Ward in the 1800s; Sears & Roebuck, started by Sears and Richard Sears and Alvah Roebuck, who took in as a partner, Aaron Nusbaum's brother-in-law, Julius Rosenwald in the 1800s. And also, though unfortunately or maybe fortunately, to respect this city's history, I almost -- I must mention another merchandiser, who when asked continuously why he was in the business he was in, he always replied that he was only selling what the public wants to buy. At the beginning of the Great Depression, this merchandiser also opened and supported the city's first soup kitchen. I'm sure many of you have guessed his name. It was Mr. Capone. As to questions, I hope our buyer of canned peaches is here today. If not, hopefully, others might be able to answer. My home state, California, has 252 Target stores, totaling 14% of all the Target stores nationwide. But I'm ashamed to say, it's no secret that California's economy is in very sad shape today. At the same time, our government services are diminishing, our sales tax, property tax, income tax, we pay all 3, are among the highest in the nations. People think when in California, "What's your big industry," they think of entertainment. And entertainment is a big industry, but one of our other important industries is agriculture. And that, dear friends, includes canned peaches. Unfortunately, in examining this can of canned peaches that I purchased from your North Hollywood store 3 weeks ago, on the label, it's a product of China. This means that as heavily as our nation is in debt to China, we are increasing our debt by making this import. When the California Cling Peaches Association questioned Target as why the import is made, the reply was, Target attempts to bring the best value to its customers. I'm sure no one here in this room disagrees with this reasoning. Unfortunately though, I hold another can of peaches that was sold by our friends down in Bentonville. The peaches in this can do not come from China or any foreign country. I can only assume they are from California, possibly Georgia. I purchased this can of peaches from a Walmart store in Panorama City for just $0.98. The peaches from Target cost $1.32, $0.34 more than the Walmart price, approximately 34% higher. Both purchases were made as everyday prices, not special prices. Some here may be thinking, and rightfully so, that I am here just pleading for California. But please remember what I said: 14% of all Target stores are in California. And if Target purchases peaches from California, the economy for California will gain and, along with it, the sales in the 252 Target stores in our state. Now there may be a very good, logical reason for this price discrepancy which I personally do not know. So I must, therefore, ask why not purchase peaches from California and, like our friends in Arkansas, be able to sell a quality product at a competitive price to our valued guests or customers? Thank you for listening.

Gregg W. Steinhafel

Thank you. Kathy, do you want to take a stab at that? Or do you want me to take that one?

Kathryn A. Tesija

Sure. I will take a stab at it. Thank you for your question, Aaron, and for your story. We are relatively new in the food business, having added that over the past several years, 10 years ago, with Super Target and then much more fresh food in our general merchandise stores today. And particularly, the owned brand, the product that you're -- you showed, the can of peaches from Target, I'm not familiar with the supplier that we do use for that. I will tell you though that we've been adding team members to our staff for sourcing, in particular in food, to be able to buy more product locally. And so I appreciate your story, and I will look into it when I get home.

Gregg W. Steinhafel

And from -- my perspective is, and hopefully we can buy our canned peaches from California, but I would tell you there is no excuse whatsoever for us to ever be higher-priced than the competition on a similar product, similar quality and a similar can size. So that's a situation where we're going to have to just correct that and lower the price to match whoever the price leader is, and that's our stated policy, and that's one where we missed. Okay, if there are no other questions, thank you. This concludes our 2012 shareholders meeting. Please remember that our investor communications team is available throughout the year to answer your questions. Thank you all for joining us. Oops, hold on, there’s -- this afternoon.

Unknown Shareholder

Hi, my name is Sherwin Sherry [ph]. I do have a comment to make about Target. I was with you -- I was at the Target meeting -- I'm a shareholder for 20 years, retiree, and thanks for the nice dividend check yesterday. But I was with the meeting in Kenosha 4 years ago when you had a -- that's when Bill Ackman was trying to muscle his way into putting Target people, his people, on the Target board and splitting the company into a real estate company and a retail company. He was trying to emulate his friend, Eddie Lampert, with Sears and Kmart. Smartly, this board saw through him and rejected his ploy, saying it wouldn't be in the best interest of Target. He would have been better off holding on to his Target stock and have seen the appreciation he was looking for. Instead, he took the losses on his Target adventure but went on to other things and wound up trying to do the same thing for JCPenney, trying a different game plan and putting in Ron Johnson, who worked for Target and was successful here and at Apple also. But now, he will see what it is to try and change the buying [ph] public to his new ideas. JCPenney is doing 20% less, and he's the CEO of the company, and it's way down. But Target can thank him because some of those lost customers are coming to Target. And even though he did great at Apple, it's because Apple has such a big demand. They don't have to discount. And now, Target is carrying Apple products and it will be beneficial to Target. So I would like to compliment this board on leading Target. I know they take a lot of flak from some stockholders, but they are great leaders. Another thing, too, what nobody acknowledges either, I was, last week, the first week in June, at Navy Pier here with my grandchildren who are from out of town, and we went to the Children's Museum, and I said, "Boy, it really is busy here this Sunday." But she says, "Every first Sunday of the month, it is very busy because Target sponsors the children. They pay for all the children to come for free." But nobody announces that. Everybody announces all the lousy things, but nobody announces all the good things. Nobody dwells on the positive. Everybody is dwelling on negatives. Ridiculous. The board is doing a fantastic job. And thank you. My stock is way up, and I'm doing very well. Thank you.

Gregg W. Steinhafel

You're welcome. And with that, meeting is adjourned.