

Speeding into 2004 ... Momentum Backed by Success

Through disciplined investment in new discount stores and SuperTarget stores, and the growth of sales in existing stores, Target is enjoying profitable market share increases. We continue to add eight to 10 percent, net, to our retail square footage annually, with SuperTarget stores typically representing about one third of this growth.

At SuperTarget, guests find the great merchandise they've always found at Target, plus a well-stocked super-market. These stores are producing strong results and we continue to refine our merchandising and operations to ensure greater guest satisfaction. We remain focused on improving our sourcing, offering unique products and delivering exceptional value. We are adopting new higher standards for freshness, food safety and sanitation. We have significantly improved the packaging design on our own Archer Farms and Market Pantry products, and we are more than doubling our penetration of these brands in our stores.

To achieve our objective to be the preferred shopping destination for our guests, we are relentlessly pursuing new opportunities and initiatives that enhance our brand identity, while maintaining a disciplined capital investment program. We understand that our guests appreciate the chain-wide consistency of Target — our dedication to fast and friendly service as well as clean, fresh, easy-to-shop store environments. Together, these elements have been important contributors to our past success and we believe they will be key components in the future as well.



Owned Brands Our owned brands, such as Market Pantry, Archer Farms, Merona and Xhilaration, form the foundation of our differentiated strategy in both our food and general merchandise assortments. Because our grocery brands are under-penetrated and represent a high-quality, value-priced alternative for our guests, we are working diligently to expand our offering. In 2003, our merchandise introductions produced a 60 percent increase in items.

“Steer a red-plastic shopping cart down the wide white aisles of any Target store and you’ll see wonderful design mixed in with the jumbo-size laundry detergent, school supplies and pet food...” — *House Beautiful*, June 2003



Fast, Fun and Friendly Team Our commitment to please our guests is at the heart of our strategy and inherent in our brand identity. Each of our approximately 273,000 team members is committed to offering outstanding service to our guests, every day, in every store, one guest at a time. By injecting speed into each guest experience, providing knowledgeable and cheerful service and ensuring that our stores are clean and inviting, we make superior guest service a priority.