



Target:
A Revised Transaction

November 19, 2008



Pershing Square Capital Management, L.P.

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Recent Events



- ▶ On October 29, 2008, Pershing presented “A TIP for Target Shareholders,” which detailed a potential Transaction (“October 29th Transaction”) that would create long-term value for Target Corporation and its shareholders



- ▶ After the presentation, Target expressed concerns regarding the October 29th Transaction
- ▶ Since then, Pershing has met with Target, members of its Board, as well as Retail and Real Estate investors
 - We have received valuable feedback from these meetings

- ▶ Today, we will present a Revised Transaction that addresses Target’s concerns, incorporates feedback from the investment community, and creates great value for Target shareholders

Agenda

- ✓ **Review of the October 29th Transaction**
- ✓ **Target's Concerns**
- ✓ **A Revised Transaction**
- ✓ **Benefits of the Revised Transaction**
- ✓ **Appendix**

Review of the October 29th Transaction

Updating Our Model

We have updated our model to reflect Q3 2008 results as well as revised guidance provided by Target management on its earnings call on Monday, November 17, 2008

- ▶ Reduced Q4 '08E same-store-sales expectations to negative 5%**
- ▶ Lowered capital expenditures in 2009 by approximately \$1bn**
- ▶ Slowed square footage growth in 2010E**
- ▶ Halted share buybacks in Q4 2008 and for the full year 2009**
- ▶ Used a 20-day average stock price of \$37 per share for Target**

The analyses provided in this presentation reflect the updated model

Objectives

In reviewing alternatives for Target, Pershing Square's objective was to eliminate the stock market's ascribed discount to the intrinsic value of Target's real estate and allow the Company to:

- ▶ Retain complete control of its buildings and its brand**
- ▶ Retain 100% flexibility with respect to its construction, remodeling, and relocation plans**
- ▶ Improve the Company's free cash flow and access to capital**
- ▶ Increase the Company's ROIC and lower its cost of capital**
- ▶ Maintain an investment grade credit rating**
- ▶ Increase the Company's EPS growth rate**
- ▶ Minimize tax leakage and friction costs**

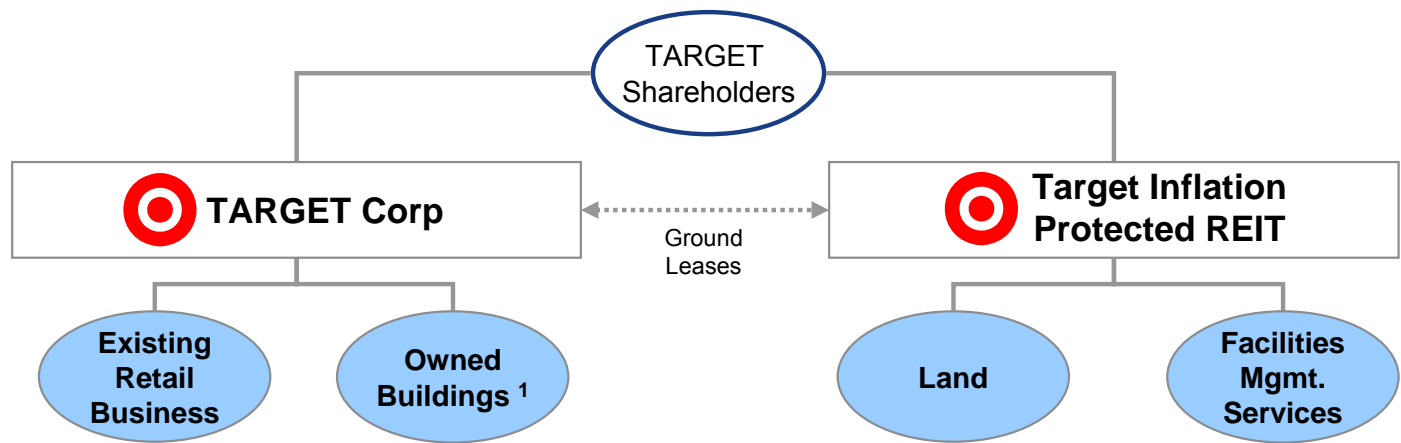
October 29th Transaction

Tax-free spin of Target Inflation Protected REIT (or “TIP REIT”) as Groundlessor and Facility Manager

Pre-Spin



Post-Spin



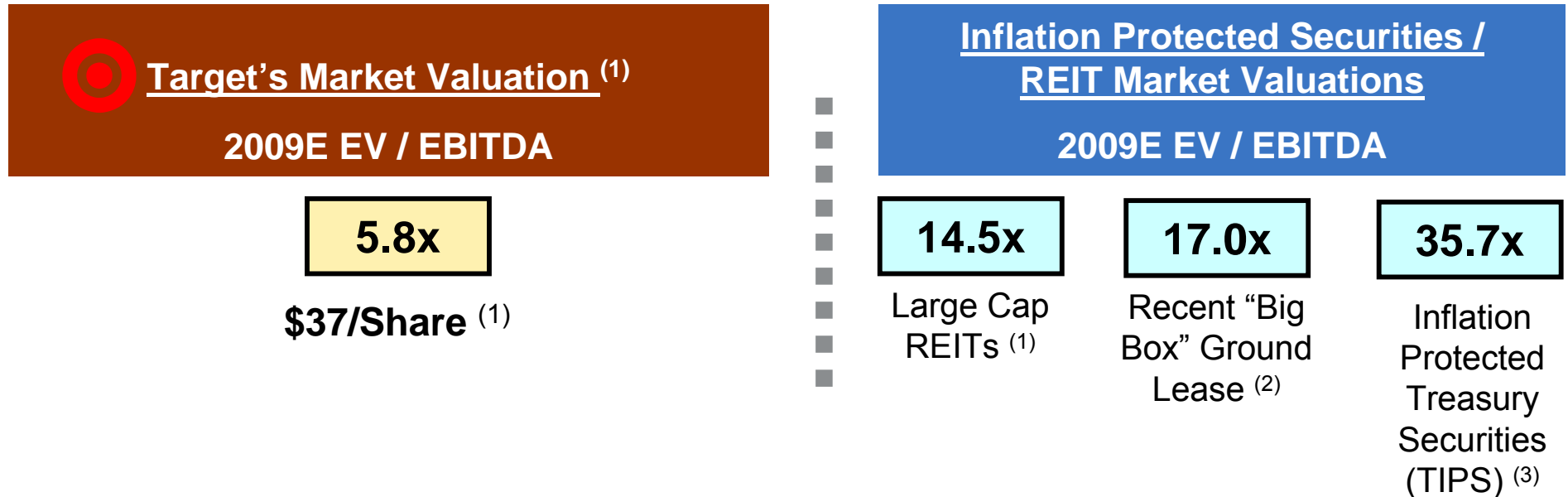
- ▶ New Target Corp owns its buildings on 75-year ground leases
- ▶ Outsources Facilities Management Services
- ▶ Continues to maintain properties

(1) Includes third-party ground leases

- ▶ Leases back land to Target Corp through a Master Lease for a 75-year term
- ▶ Elects REIT status at the time of spin-off
- ▶ Becomes Target Corp’s outsourced facilities management provider
- ▶ Becomes Target’s exclusive land developer for the first two years
- ▶ After two years, becomes Target Corp’s Preferred Vendor for land procurement

Unlocking Immense Real Estate Value

REITs, private market ground leases, and inflation-protected securities all trade at much higher valuation multiples than Target's multiple, at only 5.8x '09E EV/EBITDA, based on a 20-day trading average stock price of \$37



The Transaction creates immense and instant value because 22% of Target's current EBITDA will be valued at a significantly higher multiple than where Target trades today

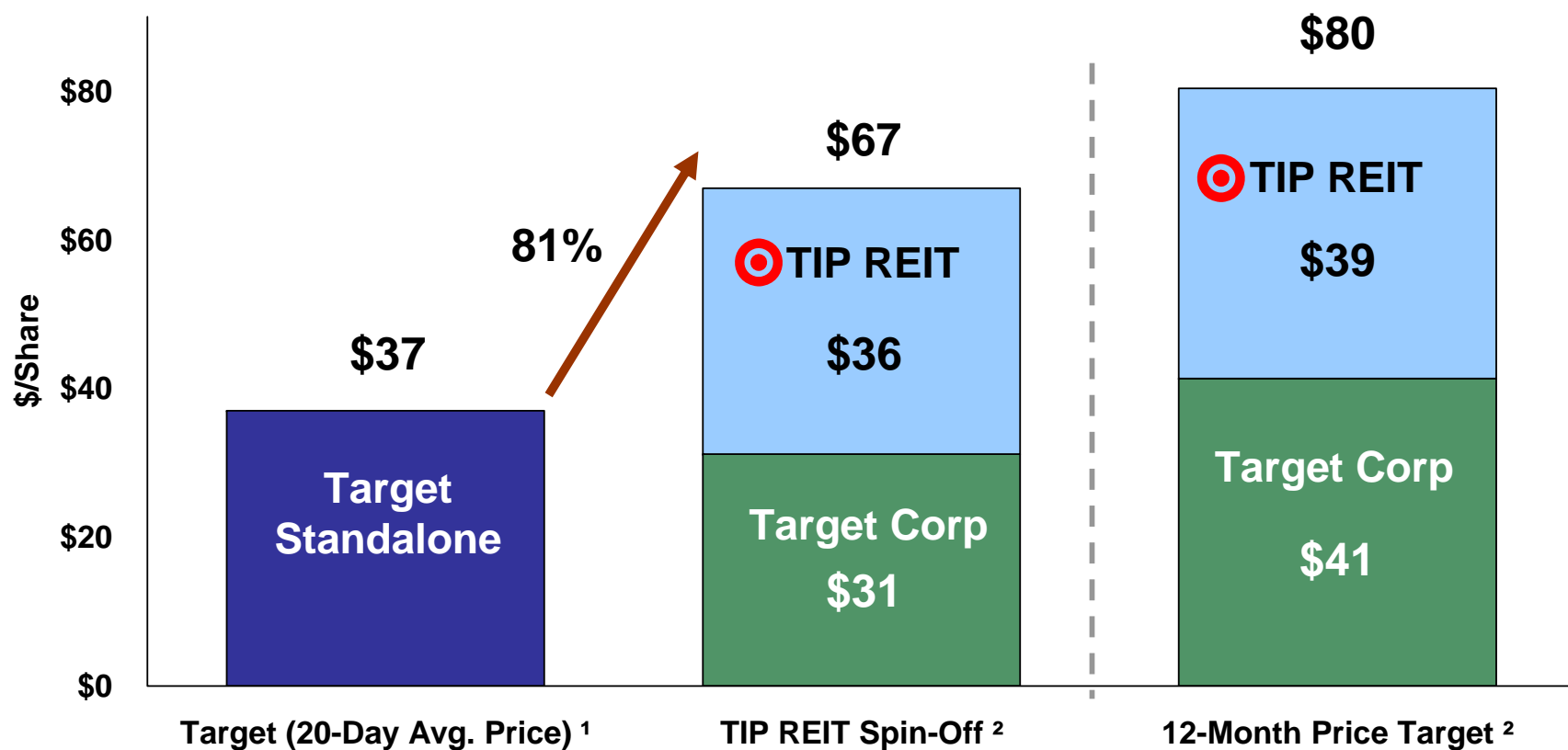
Note: Target valuation assumes sale of remaining 53% interest on credit card receivables for \$4.4bn, with Target retaining \$150mm of credit card EBITDA

(1) Based on a 20-day trading average as of 11/14/08

(2) Based on mid-point precedent cap rate of 5.9%

(3) Based on current 20-year TIP yield of 2.8% as of 11/14/08

Valuation Summary



	Target (20-Day Avg. Price) ¹	Target Corp	TIP REIT Spin-Off ²	12-Month Price Target ²
Equity Value (\$bn)	\$28		\$24	\$31
Enterprise Value (\$bn)	\$37		\$33	\$39
'09E EV/EBITDA	5.8x		6.5x	7.0x
'09E P/E	11.4x		14.7x	16.1x
Equity Value (\$bn)			\$27	\$29
Enterprise Value (\$bn)			\$27	\$30
'09E Dividend Yield			5.0%	4.8%
Cap Rate			5.4%	5.1%
'09E P/AFFO			20.0x	21.0x
'09E EV/EBITDA			19.1x	20.1x

Note: Target valuation assumes sale of remaining 53% interest on credit card receivables for \$4.4bn

For illustrative purposes, assumes Spin-off Transaction occurs on 01/01/09

(1) Based on 20-day trading average as of 11/14/08; assumes sale of remaining 53% interest on credit card business with proceeds used to pay down debt

(2) Based on mid-point of valuation analysis

Even ignoring valuation benefits, there are important strategic reasons to consummate the Transaction...

Benefits of the October 29th Transaction

1. Allows Target Corp to retain control over its buildings and brand

2. Improves Target's overall access to capital

- There is risk to Target's status quo. Retailers' access to capital has been called into question
- TIP REIT is one of the most stable companies in the world
- TIP REIT is better able to access capital for future land acquisitions than Target today, given TIP REIT's immense security, stability, and unleveraged balance sheet
- TIP REIT can use non-cash currency (OP units) for tax-efficient real estate acquisitions

Benefits of the October 29th Transaction *(cont'd)*

3. Increases free cash flow at Target Corp by nearly \$500mm, thereby decreasing Target's capital needs

- After-tax rent expense of ~\$890mm is offset by land development capex of ~\$890mm, which is funded by TIP REIT
- TIP REIT pays all of Target's 2009E dividends of 64 cents/share as well as an incremental \$1.15/share to Target shareholders

(\$mm, except per share data)	2009E Standalone ⁽¹⁾	2009E Target Corp ⁽¹⁾	Net Incremental Cash Flow
Memo: Incremental Rent Expense	–	1,433	
Cash Flow Impact on Key Affected Metrics			
<i>Incremental After-Tax Rent Expense</i>	–	888	(888)
<i>Dividends Paid</i>	483	–	483
<i>Land Development Capex</i>	890	–	890
Net Impact to Cash Flow	➔ \$1,373	➔ \$888	\$484

(1) Assumes sale of remaining 53% interest on credit card receivables for \$4.4bn on 01/01/09, with Target retaining \$150mm of credit card EBITDA in '09E

Benefits of the October 29th Transaction *(cont'd)*

4. Maintains an investment grade credit ratings profile

5. Provides a clear path back to an “A” category credit rating

	PF 2008E ⁽¹⁾	2009E	2010E	2011E
(\$bn, except where noted)				
Target Corp Adj. Debt/EBITDAR	3.4x	3.2x	2.8x	2.8x
Expected Ratings Profile	Mid - High BBB/Baa	Mid - High BBB/Baa	A- / A3	A- / A3

6. Creates over \$510mm of tax savings in the first year post transaction

- Optimizes ownership of land, a non-depreciable asset, through a REIT structure

(1) Assumes sale of remaining 53% interest on credit card receivables for \$4.4bn on 01/01/09, with proceeds used to pay down debt

Benefits of the October 29th Transaction *(cont'd)*

7. Increases total dividends for Target's current shareholders from \$0.64/share to \$1.79/share in 2009E ⁽¹⁾

8. Improves store-level ROIC and increases Target's EPS growth rate

9. Achieves a tax-free spin-off

10. Creates enormous shareholder value, potentially increasing Target's stock price from \$37 to \$67 per share

(1) Excludes \$112mm (approximately \$0.15/share) of incremental interest expense due to CY2009 cash E&P distribution

TIP REIT Investment Highlights

“Land-only” structure is extremely secure

- \$39bn of “Lease Security”, including \$20bn of unencumbered buildings

Long-term lease provides bond-like stability and inflation-protection

- 75-year, inflation-protected “Master Lease” with Target Corp

Significant growth opportunity

- Formal arrangement with Target Corp provides long-term growth pipeline

High quality locations and superb tenant profile

De minimis maintenance capex allows for strong FCF generation

Tremendous size and scale – a “must-own” yield stock

Large, Liquid, “Must-Own” Yield Stock

TIP REIT will be the 58th largest company in the S&P 500

S&P 500 Ranked by Market Cap ⁽¹⁾

Rank	Company	Market Cap ⁽¹⁾ (\$mm)
50	Time Warner	32,821
51	Colgate-Palmolive	31,323
52	Devon Energy	30,960
53	Boeing	30,129
54	Union Pacific	29,160
55	Lockheed Martin	28,948
56	Southern	27,273
57	Burlington Northern Santa Fe	27,257
58	TIP REIT	27,000
59	Celgene	26,965
60	Lowe's	26,689

S&P 100 Non-Financials Ranked by Dividend Yield ⁽²⁾

Rank	Company	Dividend Yield (%)
1	Altria Group	7.9
2	Pfizer	7.9
3	General Electric	7.7
4	Bristol-Myers Squibb	6.3
5	Verizon Communications	6.1
6	E.I. DuPont de Nemours	6.0
7	Eli Lilly	5.9
8	AT&T	5.8
9	Philip Morris International	5.6
10	Merck	5.6
11	TIP REIT ⁽³⁾	5.0
12	Southern Co.	4.8
13	Caterpillar	4.5
14	Home Depot	4.4
15	Dominion Resources	4.3


Given its market cap, TIP REIT will be owned by S&P 500 index funds, large cap funds, real estate index funds, yield-oriented investors, and investors seeking inflation-protected assets

(1) As of November 14, 2008

(2) Represents non-financial companies in the S&P 500 with market caps greater than \$20bn


(3) Based on 2009E dividends

TIP REIT: Unlike Any Existing REIT Today

	 TIP REIT	Large Cap REITs
Leverage	None	High: 54% Debt-to-TMC Average: 44% Debt-to-TMC
Refinancing Risk / Earnings Pressure	None	High – REITs have borrowed at low rates and are facing much higher rates and refinancing risk for debt maturities
Transaction Income	None / <u>100% rental income</u>	Sometimes
Re-leasing Risk	None / 75-year lease	Yes, typically 10% or more of leases up for renewal annually
Maintenance Capital	None	Yes, typically 8% of EBITDA
Growth	Preferred vendor arrangement	No preferred arrangement
“Lease Security”	\$20bn of unencumbered buildings, given “land-only” structure	None. Owns both land buildings

How is TIP REIT Similar to TIPS?

TIP REIT has many of the same features of Treasury Inflation Protected Securities (TIPS). However, TIP REIT has the added benefit of a growth platform and no “Phantom tax”

	 TIP REIT	20-Year TIPS
Extremely low probability of default	<ul style="list-style-type: none"> ■ Backed by highly-rated Target Corp ■ \$39bn of “Lease Security” or 145% TIP REIT’s EV at 5.0% dividend yield 	<ul style="list-style-type: none"> ■ Backed by federal government
Inflation protection	<ul style="list-style-type: none"> ■ Rent income adjusted for CPI 	<ul style="list-style-type: none"> ■ Payment based on CPI adjusted principal
Long-term duration with required payments	<ul style="list-style-type: none"> ■ 75-year lease term ■ REIT dividend payment required by law 	<ul style="list-style-type: none"> ■ 20 years ■ Interest payment required by law
Liquidity	<ul style="list-style-type: none"> ■ \$27bn market cap 	<ul style="list-style-type: none"> ■ Over \$450bn market ⁽¹⁾
Growth platform	<ul style="list-style-type: none"> ■ Yes 	<ul style="list-style-type: none"> ■ No
“Phantom tax”	<ul style="list-style-type: none"> ■ No 	<ul style="list-style-type: none"> ■ Yes (tax on inflation adj. principal)

(1) Size of total TIPS market

Feedback from REIT Investors

Since the October 29th presentation, Pershing Square has met or held calls with several of the largest REIT investors and received valuable feedback regarding TIP REIT

Feedback from REIT investors

- ✓ ***Appreciation of the security and stability offered by land-only structure***
 - Agreement on a valuation premium for land-only REIT (versus a land and building REIT)
- ✓ ***Strong interest in an unlevered REIT***
- ✓ ***Desire for more large cap, liquid REITs***
- ✓ ***Interest in an independent TIP REIT Board and management***
- ✓ ***Valuation benefits of an “A” category credit rating at Target***

Interest from a Broad Group of Investors

In addition, Pershing Square has received strong interest in TIP REIT from a broad category of large investor groups beyond traditional REIT investors

- ✓ **Pensions**
- ✓ **Endowments**
- ✓ **Income-oriented funds**

These investors are seeking security, stability, long-term inflation-protection, and a higher yield than that offered by TIPS

Target's Concerns Regarding the October 29th Transaction

Target's Concerns

Target expressed the following concerns regarding the October 29th Transaction:

Concern	Management's Commentary
1. Valuation	■ <i>"The validity of assumptions supporting Pershing Square's market valuation of Target and the separate REIT entity"</i>
2. Reduction in Target's financial flexibility and inflation risk	■ <i>"The reduction in Target's financial flexibility due to the conveyance of valuable assets to the REIT and the large expense obligation created by the proposed lease payments which are subject to annual increase"</i>
3. Credit ratings, borrowing costs, and liquidity	■ <i>"The adverse impact that the company believes the proposed structure would have on Target's debt ratings, borrowing costs and liquidity, exacerbated by current market conditions"</i>

Target's Concerns *(cont'd)*

Target expressed the following concerns regarding the October 29th Transaction:

Concern	Management's Commentary
4. Frictional costs and operational risks	■ <i>"The frictional costs and operational risks, including tax implications, of executing Pershing Square's ideas"</i>
5. Management diversion	■ <i>"The risk of diverting management's focus away from core business operations over an extended time period to execute such a complex transaction, particularly in the current environment"</i>

A Revised Transaction

Revised Transaction: <20% IPO of TIP REIT

Step 1: Formation of Target Inflation-Protected Real Estate Investment Trust

- ▶ Target contributes land and Facilities Management Services to a new subsidiary (“TIP REIT”) ⁽¹⁾
- ▶ TIP REIT leases the land back to Target Corp through a Master Lease for a 75-year term ⁽²⁾

(1) TIP REIT assumes a portion of Target liabilities. This could include a portion of Target’s debt

(2) TIP REIT will lease land to Target Corp (i.e. the parent company)

(3) Non-REIT assets (e.g., the Facilities Management Services) will be placed in a taxable REIT subsidiary (TRS)

Step 2: Primary IPO of <20% of TIP REIT shares

- ▶ At the time of the IPO, TIP REIT will elect REIT status ⁽³⁾
- ▶ IPO does not trigger any capital gains taxes
- ▶ Target retains >80% interest in TIP REIT
- ▶ Immediate valuation benefits:
 - Allows investors to value Target on a sum-of-the-parts basis

▶ Credit ratings impact:

- Target Corp will maintain its A+/A2 credit rating

Post IPO: Pay Down ~\$9bn of Debt

Step 3: Sale of the remaining 53% interest in Target's Credit Card Receivables

- ▶ At an opportune time (either pre- or post-IPO), Target sells remaining 53% interest in its credit card receivables
- ▶ For this analysis, we have assumed \$4.4bn of proceeds from the sale

\$ in billions

Gross Receivables CY 2008E	\$9.0
Allowance	(0.8)
Net Receivables CY 2008E	\$8.2

53% Interest at Net Book Value \$4.4

Step 4: Pay down ~\$9bn of Target debt using all of the credit card proceeds, a portion of the IPO proceeds, and free cash flow

(\$bn)

Paydown using Proceeds from Credit Card Sale	
Securitized Debt	\$1.9
Unsecured Debt	2.5
Total	\$4.4
Paydown using IPO Proceeds	3.0
Paydown using Free Cash Flow ⁽¹⁾	1.8
Total Debt Paydown	\$9.2

- ▶ **\$1.6bn of cash proceeds from the IPO is left on TIP REIT's balance sheet**

(1) Assumes TIP REIT funds land development capital expenditures of approximately \$0.9bn post-IPO using debt

Post IPO: Spin-off TIP REIT and Purge E&P

Step 5: Spin-off of remaining interest in TIP REIT to Target shareholders

- ▶ Immediately prior to spin-off, Target enters into an inflation-swap agreement to hedge inflation (alternative is to buy swaption today)
- ▶ Target's >80% interest in TIP REIT is distributed tax-free to shareholders
- ▶ Post spin-off, Target maintains its "A" category credit rating

Step 6: TIP REIT purges retained Earnings and Profits

- ▶ By December 31 of the calendar year of spin-off, TIP REIT pays a \$1.6bn cash E&P dividend to TIP REIT shareholders
- ▶ Note: Cash E&P dividend could be materially lower than \$1.6bn
 - The REIT industry group has requested the Treasury Department to issue a rule allowing low-cash stock-cash dividends
 - If granted, this rule would reduce the cash portion of **TIP REIT's E&P dividend to as little as \$400mm**

TIP REIT IPO Proceeds

Assuming a 19.9% IPO of TIP REIT at a 15% IPO discount, the IPO would generate roughly \$5.1bn in gross proceeds. After frictional costs and expenses, IPO proceeds of \$3.0bn will be paid to retire Target debt and \$1.6bn will remain at TIP REIT

\$ in billions

TIP REIT Equity Value	\$27.0
<i>Implied 2009E Dividend Yield</i>	<i>5.0%</i>

Captive TIP REIT Equity Value	\$24.0	(1)
<i>Discount</i>	15%	20.4
<i>New Issuance</i>	19.9%	25.5

TIP REIT Post-IPO Equity Value	\$28.6	(2)
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TIP REIT Gross IPO Proceeds	\$5.1	(3)
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Use of IPO Proceeds:

Retire Target Debt	\$3.0	
Cash Remaining at TIP REIT	1.6	
Pay Frictional Costs and Fees	0.5	(4)
Total IPO Proceeds	\$5.1	

(1) Calculation based on allocating and subsequently paying down \$3.0bn of debt

(2) Calculation based on adding net proceeds of \$4.6bn to captive TIP REIT equity value of \$24.0bn; assumes cash balance of \$1.6bn at TIP REIT upon IPO

(3) Assumes a 19.9% IPO of TIP REIT at a 15% IPO discount; net of paying \$500mm after-tax frictional costs and fees, IPO proceeds are \$4.6bn

(4) Assumes approximately \$350mm of after-tax frictional costs and \$150mm of IPO fees

Sources and Uses of Cash at Target Corp

Proceeds from the IPO and the sale of the remaining interest in the credit card receivables can be used to pay down debt

Cash Sources (\$bn)

IPO Proceeds to Retire Target Debt	\$3.0
Credit Card Sale Proceeds	4.4
1-Yr Cash Flow Generated at Target Corp ⁽¹⁾	1.8

Total Cash Sources \$9.2

Cash Uses (\$bn)

Paydown of Securitized Debt	\$1.9
Paydown of Unsecured Debt	7.3

Total Cash Uses (Debt Paydown) \$9.2

(1) Reflects cash flow generated after working capital, capex, and dividends; assumes maintenance of \$500mm minimum cash balance; assumes TIP REIT funds land development capital expenditures of approximately \$0.9bn by issuing debt during the first year post-IPO

Post Spin-off: Target Corp Credit Ratings

Post Spin-off, Target Corp will maintain an “A” category credit ratings profile

(\$bn)	Target Standalone 2008E	Adjustments	Pro Forma Target Corp Post Spin-off
JPMorgan GAAP Liability	\$3.6	(\$3.6)	-
Credit Card Securitized Debt	1.9	(1.9)	-
Unsecured Debt ⁽¹⁾	12.3	(7.3)	5.0
Ending Debt	\$17.8	(\$12.8)	\$5.0
<i>Plus: Lease Adjusted Debt (8x Total Lease Expense)</i>	1.4		13.6
Ending Lease Adj. Debt	\$19.2		\$18.7
Lease Adj. Total Debt / EBITDAR	2.8x⁽²⁾		2.6x⁽³⁾
Expected Ratings Profile	"A" Category		"A" Category
Memo: Rent Expense	0.2 ⁽²⁾		1.7 ⁽³⁾

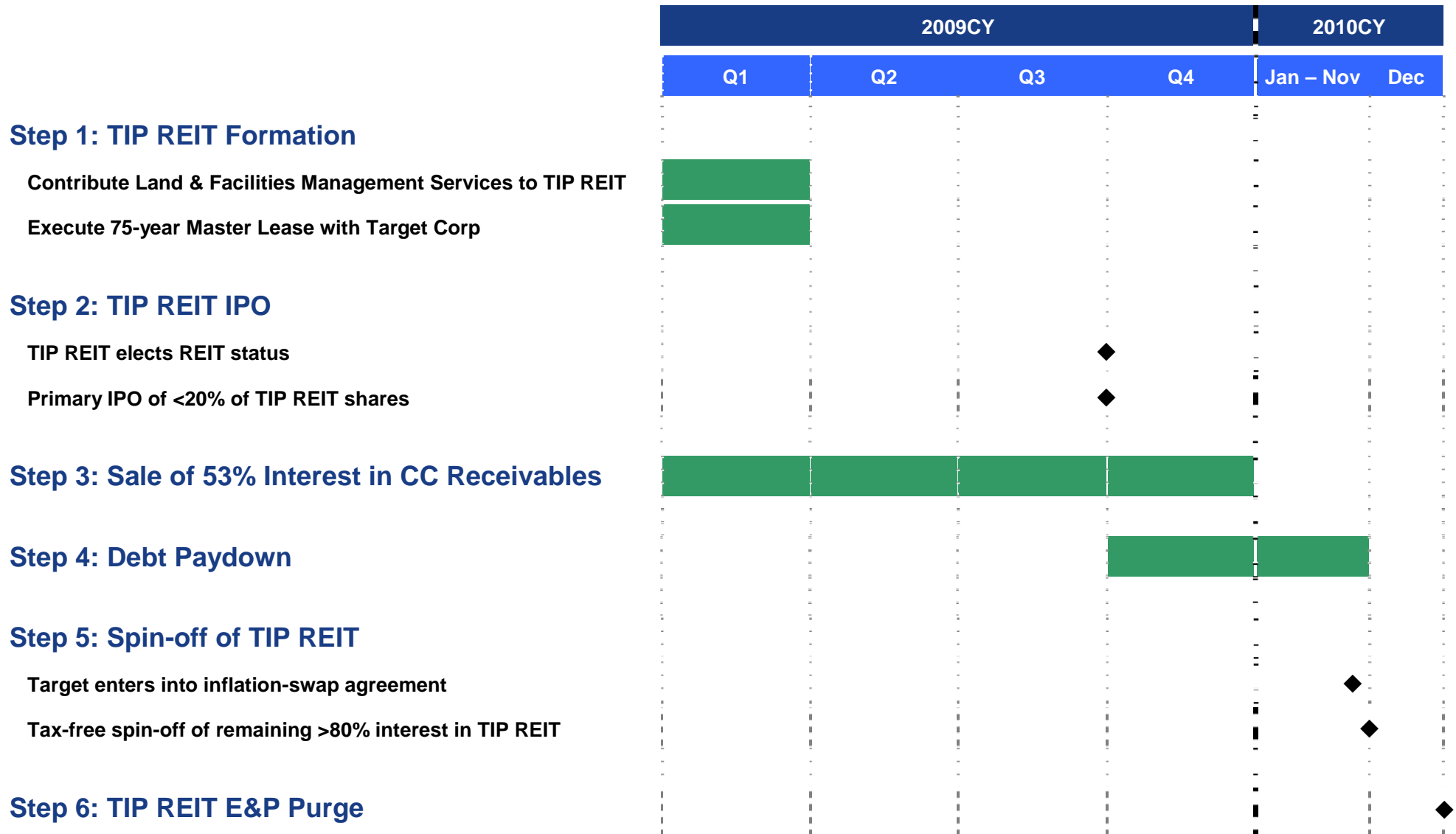
\$9.2bn of Total Debt Paydown

(1) Based on \$14.8bn of unsecured debt as of Q3 '08A, reduced in 4Q '08E by \$2.5bn through debt pay down with free cash flow and cash on balance sheet (while maintaining \$500mm minimum cash balance)

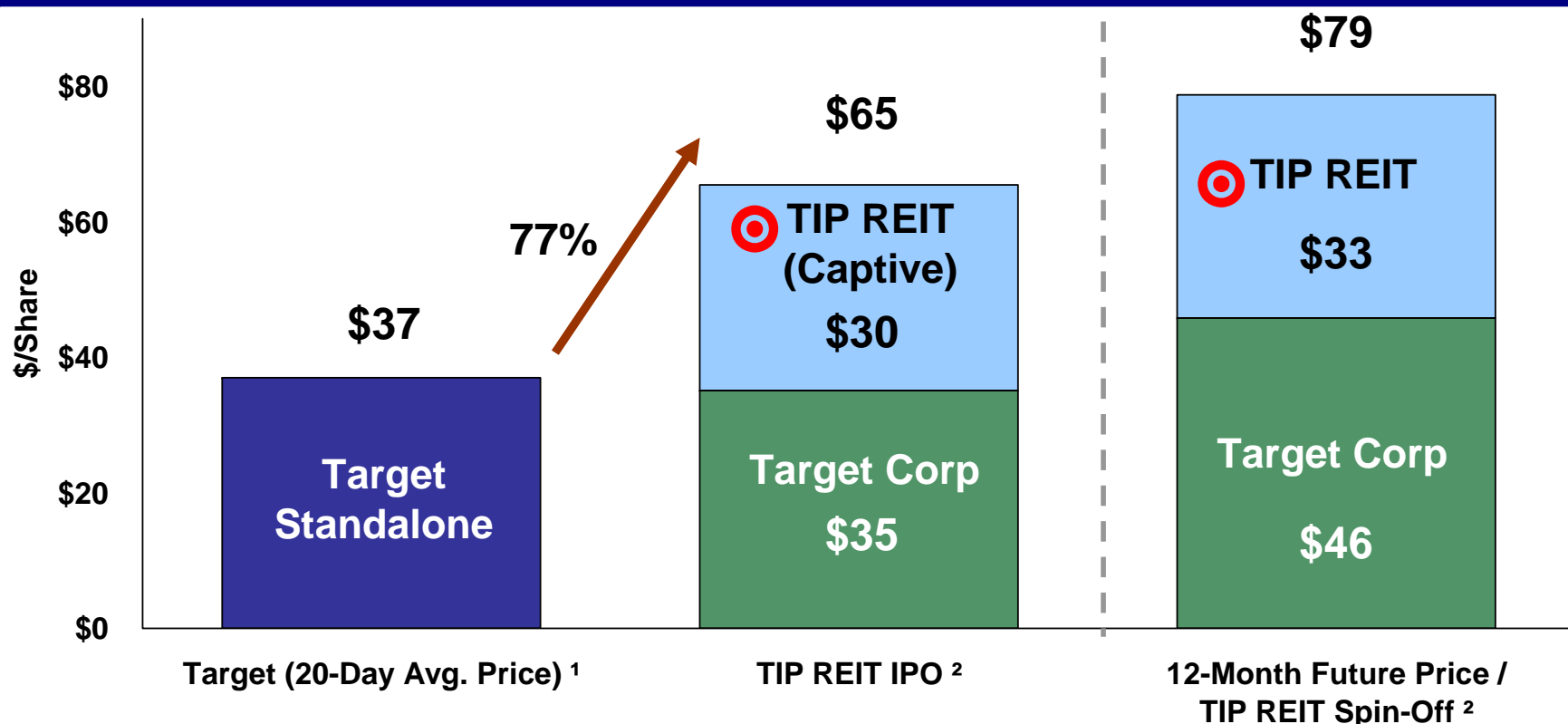
(2) Based on 2008E EBITDAR for Target Standalone of \$6.9bn and 2008E Rent Expense of \$0.2bn

(3) Based on 2010E EBITDAR for Target Corp post spin-off of \$7.3bn and 2010E Rent Expense of \$1.7bn

Illustrative Timeline



Valuation Analysis



Equity Value (\$bn)	\$28	Target Corp	\$26	Equity Value (\$bn)	\$35
Enterprise Value (\$bn)	\$37		\$33	Enterprise Value (\$bn)	\$39
'09E EV/EBITDA	5.8x		6.5x	'10E EV/EBITDA	7.0x
'09E P/E	11.4x		15.1x	'10E P/E	16.8x
Equity Value (\$bn)		TIP REIT	\$29	Equity Value (\$bn)	\$31
Enterprise Value (\$bn)			\$27	Enterprise Value (\$bn)	\$30
'09E Dividend Yield ⁽³⁾			5.0%	'10E Dividend Yield ⁽³⁾	4.8%
Cap Rate			5.4%	Cap Rate	5.1%
'09E P/AFFO ⁽³⁾			20.0x	'10E P/AFFO ⁽³⁾	21.0x
'09E EV/EBITDA		19.1x	'10E EV/EBITDA	20.1x	

Note: Target valuation assumes sale of remaining 53% interest on credit card receivables for \$4.4bn, with Target retaining \$150mm of credit card EBITDA
 For illustrative purposes, assumes 19.9% REIT IPO occurs on 01/01/09 and full REIT Spin-off occurs on 01/01/10

(1) Based on 20-day trading average as of 11/14/08; assumes sale of remaining 53% interest on credit card business with proceeds used to pay down debt

(2) Based on mid-point of valuation analysis

(3) Based on Adjusted Equity Value excluding cash balance of \$1.6bn reserved for E&P distribution in 2010E

Tremendous Upside at Various Assumptions

At any plausible valuation of TIP REIT and Target Corp, the Transaction results in a significant premium to the stock price of \$37 / per share

Value/Share (\$)		TIP REIT '09E Dividend Yield						
		7.5%	7.0%	6.5%	6.0%	5.5%	5.0%	4.5%
Target Corp EV/ '09E EBITDA	6.0x	\$52	\$54	\$55	\$57	\$59	\$62	\$65
	6.5x	56	57	59	61	63	65	69
	7.0x	59	60	62	64	66	68	72
	7.5x	62	64	65	67	69	72	75
	8.0x	66	67	69	70	73	75	78

Premium to \$37 stock price (%)		TIP REIT '09E Dividend Yield						
		7.5%	7.0%	6.5%	6.0%	5.5%	5.0%	4.5%
Target Corp EV/ '09E EBITDA	6.0x	41%	45%	49%	54%	60%	67%	76%
	6.5x	51%	55%	59%	64%	70%	77%	85%
	7.0x	59%	63%	67%	72%	78%	85%	94%
	7.5x	68%	72%	76%	81%	87%	94%	103%
	8.0x	77%	81%	85%	90%	96%	103%	112%

Benefits of the Revised Transaction

Advantages of a Minority IPO of TIP REIT

A <20% IPO of TIP REIT would have several important advantages

- ✓ **Immediate value creation for Target shareholders**
 - Force a market revaluation of Target
 - Enable investors to value Target based on a sum-of-the-parts basis, using the public valuation of TIP REIT
- ✓ **Immediately improves Target's access to capital through TIP REIT**
- ✓ **Increases Target's liquidity, given ~\$5bn of IPO proceeds**
- ✓ **<20% IPO is a tax-free transaction**
- ✓ **Maintains Target's current "A" category credit rating**
- ✓ **Provides funds for debt paydown**
- ✓ **Preserves an "unwind" mechanism in the form of a buyback of the public minority stake of TIP REIT**

Advantages of a Minority IPO of TIP REIT *(cont'd)*

A Minority IPO would offer Target significant control and flexibility in executing the Revised Transaction

- ✓ **Offers flexibility as to when Target:**
 - Sells remaining interest in credit card receivables
 - Completes TIP REIT spin-off
 - Pays an E&P dividend (\$1.6bn of cash in the calendar year of TIP REIT spin-off)

- ✓ **While maintaining control of TIP REIT, Target has the opportunity to:**
 - “Test” the valuation of TIP REIT
 - Fine tune the relationship between Target / TIP REIT on land development issues

Pros and Cons of the Revised Transaction

Assuming the spin-off of the remaining >80% interest in TIP REIT occurs in 2010, the Revised Transaction offers many pros and few cons

Pros

- ✓ Meaningfully accretive on all key measures (EPS, FCF/share)
- ✓ Maintains "A" category credit rating
- ✓ More than doubles dividends: \$0.64/share today to \$1.49 ⁽¹⁾ share in 2010
- ✓ Improves capital access and decreases the need for growth capital at Target Corp
- ✓ Reduces taxes by over \$510mm
- ✓ Improves Target's ROIC and EPS growth
- ✓ Increases the total stock price from \$37/share to \$79/share by 2010

(1) Assumes a 19.9% IPO which increases TIP REIT's shares outstanding to approximately 940mm shares from 755mm shares pre-IPO

(2) Assumes a 15% IPO discount and a 19.9% IPO

Cons

- ✗ **Dilution:** <20% IPO of TIP REIT results in some dilution to Target shareholders, versus the October 29th Transaction proposal, equivalent to ~\$1.50 per share in total value ⁽²⁾
- ✗ **Delay of certain benefits:** Certain benefits such as reduced taxes and increased dividends won't be fully achieved until the spin-off is complete

Mitigating Factors:

- ✓ *In the context of total value creation from Target's \$37 stock price, the dilution is minimal*
- ✓ *Despite the longer transaction plan, the increased flexibility afforded to Target will significantly reduce execution risks*

Addressing Management's Concerns

Concern

Benefits of the Revised Transaction

1) Valuation

Total Stock Price at Various '09E Dividend Yields and '09E Multiples

		TIP REIT '09E Dividend Yield						
		7.5%	7.0%	6.5%	6.0%	5.5%	5.0%	4.5%
Target Corp EV/'09E EBITDA	6.0x	\$52	\$54	\$55	\$57	\$59	\$62	\$65
	6.5x	56	57	59	61	63	65	69
	7.0x	59	60	62	64	66	68	72
	7.5x	62	64	65	67	69	72	75
	8.0x	66	67	69	70	73	75	78

- ✓ **Under any plausible valuation of TIP REIT, the Revised Transaction offers tremendous upside to Target's stock price of \$37**
 - At Target's current stock price of \$37 and EV / '09E EBITDA multiple of 5.8x, the **implied dividend yield of TIP REIT is an improbable 16%**
- ✓ **IPO provides a seasoning period for TIP REIT**
 - An IPO would give the investment community several quarters to value TIP REIT before it is spun off, effectively seasoning the market and attracting long-term investors
- ✓ **Potential "unwind" mechanism**
 - Should the Company not be satisfied with TIP REIT's Transaction, Target can repurchase TIP REIT's public minority stake, effectively "unwinding" the structure

Addressing Management's Concerns (*cont'd*)

Concern

Benefits of the Revised Transaction

2) Reduction in Target's financial flexibility and inflation risk

- ✓ **Target pays down ~\$9bn of debt, eliminating significant interest expense obligations**
 - <20% IPO of TIP REIT provides the Company with the proceeds and flexibility to deleverage before the spin-off of the remaining interest in TIP REIT
- ✓ **Ground lease is more attractive than debt**
 - TIP REIT ground lease is, in many ways, more attractive than Target's debt given the 75-year term, the lack of financial covenants, and the lack of refinancing risk
- ✓ **Inflation risk can be hedged out cheaply**
 - Target can lock in 20-year inflation protection today at ~250 bps per year, which implies an annual after-tax cost of approximately \$0.03/share

Addressing Management's Concerns *(cont'd)*

Concern	Benefits of the Revised Transaction
3) Credit ratings, borrowing costs, and liquidity	<ul style="list-style-type: none"><li data-bbox="741 483 2003 792">✓ Target will maintain its “A” category credit ratings at all times<ul style="list-style-type: none"><li data-bbox="846 630 1969 792">■ Post spin-off of TIP REIT, Target Corp will maintain its “A” category credit rating as a result of deleveraging<li data-bbox="741 857 1856 971">✓ Borrowing costs will not be impacted by the Revised Transaction<li data-bbox="741 1044 2003 1425">✓ The Revised Transaction offers several key credit benefits:<ul style="list-style-type: none"><li data-bbox="846 1190 1982 1295">■ Target’s liquidity is significantly increased given IPO proceeds<li data-bbox="846 1320 1990 1425">■ Target’s access to and cost of capital is improved by the formation of TIP REIT

Addressing Management's Concerns (*cont'd*)

Concern	Benefits of the Revised Transaction
4) Frictional costs and operational risks	<ul style="list-style-type: none"><li data-bbox="751 475 2024 930">✓ After-tax frictional costs are small in light of total value creation of \$28-plus dollars per share<ul style="list-style-type: none"><li data-bbox="856 621 2024 784">■ Main frictional costs are professional fees (investment banking, legal, and accounting) and property taxes<li data-bbox="856 816 2024 930">■ After-tax frictional costs will likely be less than \$1 per share <li data-bbox="751 979 2024 1320">✓ Operational risks are mitigated by the Revised Transaction given:<ul style="list-style-type: none"><li data-bbox="856 1125 2024 1174">■ The presence of an “unwind” mechanism<li data-bbox="856 1206 2024 1320">■ The ability to “test drive” the Target / TIP REIT relationship during the IPO period <li data-bbox="751 1369 2024 1417">✓ Tax-free nature of spin-off

Addressing Management's Concerns (*cont'd*)

Concern	Benefits of the Revised Transaction
5) Management diversion	<ul style="list-style-type: none">✓ The formation of TIP REIT will require a modest amount of retail operating management's time<ul style="list-style-type: none">■ Predominantly <u>third-party</u> legal and accounting work■ CFO, EVP of Property Dev., and GC oversight required■ Other members of senior operating management largely uninvolved ✓ The Transaction is akin to placing a master ground lease on Target's stores. It will be completely transparent and seamless to Target's core business ✓ IPO and eventual spin-off of TIP REIT will not distract Target's core business teams:<ul style="list-style-type: none">■ Merchandising / purchasing■ Marketing■ Regional and store-level■ IT / systems / administration<div data-bbox="1566 1239 1976 1487" style="border: 1px solid black; background-color: #ffffcc; padding: 5px; display: inline-block; margin-left: 20px;">Vast majority of Target's team members will be uninvolved</div>

Risk of the Status Quo

In today's world, even the best retailers may lose access to capital

- ▶ **The TIP REIT IPO transaction would immediately increase Target's access to capital**
 - TIP REIT will have strong access to the debt and equity capital markets, far better than any retailer
 - TIP REIT will be able to issue OP units for tax-efficient land acquisitions
- ▶ **This Transaction will best position Target to benefit from a weak competitive environment**
 - Given potential retailer bankruptcies, Target can use the liquidity provided by TIP REIT to acquire real estate that might be for sale at substantial discounts in the next 12-18 months

The risk of the status quo is that Target may lose access to capital and not be able take advantage of the current environment

Why Is Now the Time?

The Transaction requires several months of planning before an IPO is achievable. To complete an IPO even a year from now, work on this Revised Transaction will need to begin shortly

- ▶ **Formation of TIP REIT and the issuance of pro forma financials will take several months**
 - Predominantly legal (lease structuring) and accounting work
 - Search for a management team and new board of directors for TIP REIT
- ▶ **To achieve a TIP REIT IPO in Q3 2009, the Company will need to authorize work on this Revised Transaction in the beginning of 2009**
- ▶ **In 2009, there could be opportunities for Target to benefit from a weak competitive landscape**
 - TIP REIT needs to be in place for the Company to best do so

Fast Forward: 2010E and Beyond

For investors with a longer-term view, the Revised Transaction offers explosive potential upside in 2010E and beyond

A turn in the economy would lead to

Improved retail sales



Potentially explosive earnings growth at Target Corp, particularly given recent expense reductions

Heightened inflation expectations



Increased demand for TIP REIT, given inflation-protected income stream

Pershing's Relationship with Target



- ▶ **Pershing has been in discussions with Target since May 2008 about a potential real estate transaction**
 - ▶ **We appreciate Target's candid feedback and respect the Company's concerns**
 - ▶ **Throughout this process, we have continually improved upon the transaction in an effort to create an outcome that satisfies Target's strategic goals and concerns**
- ▶ **We believe our Revised Transaction addresses all of Target's concerns and achieves enormous value creation**

Questions and Answers

Appendix

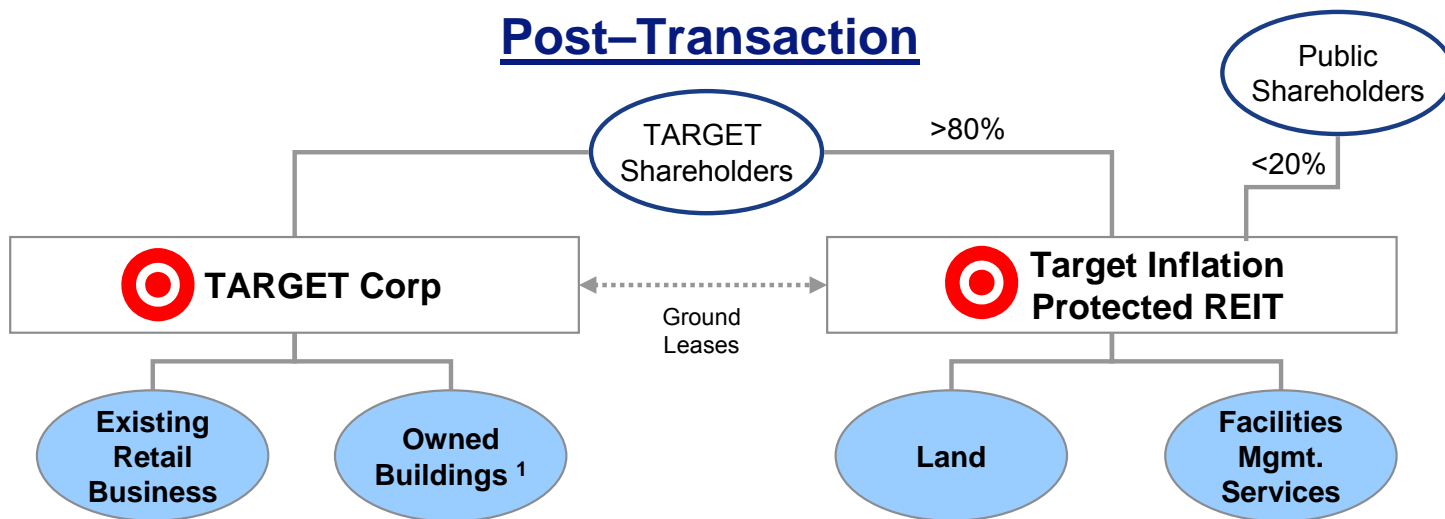
The Revised Transaction

Tax-free IPO and spin of Target Inflation Protected REIT (or “TIP REIT”) as Groundlessor and Facility Manager

Pre-Transaction



Post-Transaction



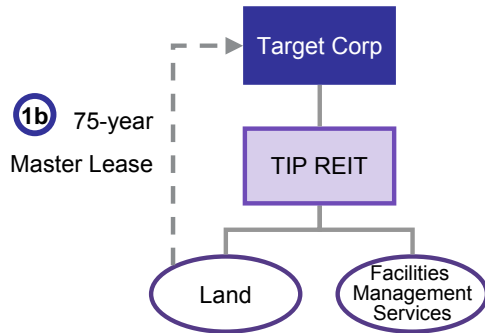
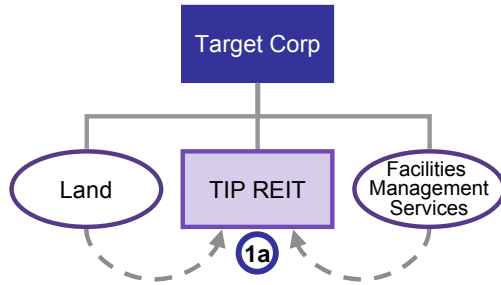
- ▶ New Target Corp owns its buildings on 75-year ground leases
- ▶ Outsources Facilities Management Services
- ▶ Continues to maintain properties

- ▶ Leases back land to Target Corp through a Master Lease for a 75-year term
- ▶ Elects REIT status at the time of IPO
- ▶ Becomes Target Corp’s outsourced facilities management provider
- ▶ Becomes Target Corp’s Preferred Vendor for land procurement

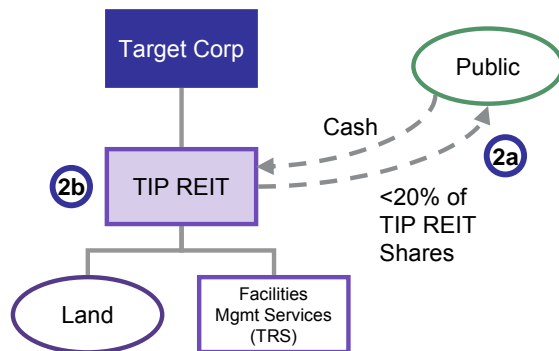
(1) Includes third-party ground leases

Revised Transaction: Steps 1 - 2

Step 1: Formation of TIP REIT



Step 2: IPO / REIT Election

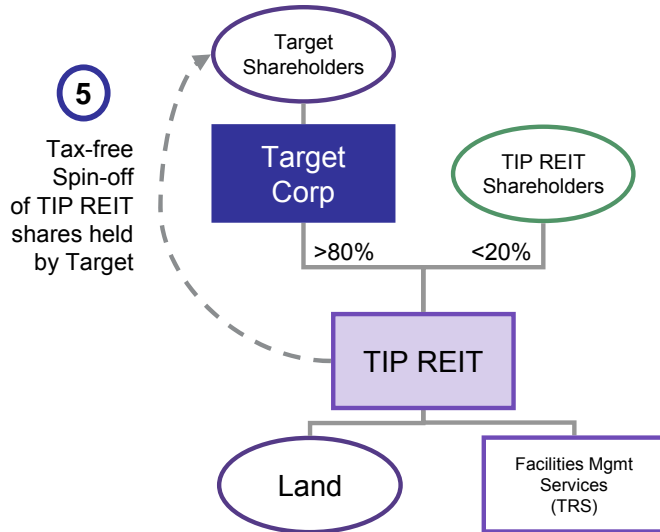


Transaction Description

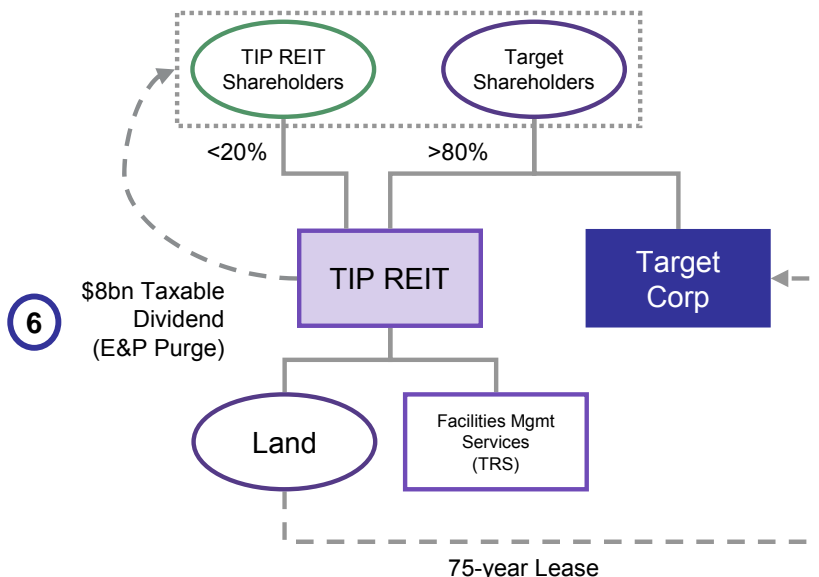
- ▶ **Step 1a:** The existing company (“Target Corp”) forms a new subsidiary (“TIP REIT”) and transfers to it the Facilities Management Services business, the owned land under the stores, and the owned land under the distribution facilities
 - TIP REIT will assume a portion of Target’s liabilities
- ▶ **Step 1b:** TIP REIT leases the land back to Target Corp (i.e. the parent company) through a Master Lease for a 75-year term
- ▶ **Step 2a:** After some period of time, TIP REIT offers up to 19.9% of its shares in a primary IPO for cash
 - Cash proceeds could be retained for corporate business purposes or used to reduce TIP REIT debt
- ▶ **Step 2b:** TIP REIT elects REIT status effective immediately
 - Simultaneously, TIP REIT drops the Facilities Management Services business into a new corporation, a taxable REIT subsidiary (TRS)

Revised Transaction: Steps 3 - 6

Step 5: Spin-off



Step 6: E&P Purge



Transaction Description

- ▶ **Step 3:** Target Corp sells the remaining 53% interest in the credit card receivables business to an Investment Partner
- ▶ **Step 4:** Target Corp pays down debt using proceeds from the credit card receivables and the TIP REIT pays down assumed debt using proceeds from the TIP REIT IPO
- ▶ **Step 5:** Target Corp spins off its remaining >80.1% interest in TIP REIT to its shareholders pro rata and tax-free
- ▶ **Step 6:** TIP REIT pays a taxable dividend (at the dividend tax rate to non-corporate taxpayers) to shareholders equal to its allocated portion of Target's \$16bn of retained Earnings and Profits ("E&P"), estimated to be \$8bn based on the implied mid-point valuation of TIP REIT/Target Corp
 - 20% of the dividend (\$1.6bn) may be paid in cash with the remaining paid in TIP REIT common stock
 - This cash dividend can be deferred until the end of the calendar year in which the spin-off occurs

Why are Treasury Inflation Protected Securities ("TIPS") the Best Comparable Security to TIP REIT?

TIP REIT: (1) Valuing the TIP-like Security

The TIP-like Security should trade at a small spread to TIPS of 195 – 245 bps

	Rate / Yield	Spread to TIPS
20-year TIP Yield Today	2.8%	—
+		
Current TGT Unsecured CDS @ ~220bps ± 25 bps	1.95% — 2.45%	195 bps — 245 bps
=		
🎯 TIP REIT: TIP-like Security	4.75% — 5.25%	195 bps — 245 bps

The current TIPS yield of 2.8% implies an expected 20-year inflation rate of only 1.6%. If the expected 20-year inflation rate increased to 2.0% and the 20-year Treasury rate remained constant, then the 20-year TIPS would yield 2.4% and TIP REIT would yield 4.35% – 4.85%. The higher the inflation rate, the more valuable TIP REIT will be

TIP REIT: (2) Valuing the Land Developer

TIP REIT's land development opportunity can be valued based on its growth platform value

► Growth Platform Valuation

- Based on 20-year DCF analysis
- Implied valuation at 4.75% – 5.25% cap rate and 10.5% – 12.5% discount rate
 - 2029E terminal NOI: \$2,503mm
 - Valuation range of \$0.0bn – \$2.4bn

		2009	2010	2011	2012	2013	...	Terminal Value ⁽¹⁾ 2029
Platform Value	Incremental Rental Revenues	\$62	\$122	\$233	\$366	\$524		
	After-tax Facilities Management Income	12	12	14	15	17		
	G&A Expense	(20)	(21)	(21)	(22)	(22)		
	Total Capex	(890)	(830)	(1,539)	(1,801)	(2,117)		
	Free Cash Flow from Platform	(\$836)	(\$716)	(\$1,313)	(\$1,442)	(\$1,599)		
	Terminal Value							\$52,694
	Discount Rate	12.5%	10.5%					
Terminal Cap Rate	5.25%	4.75%						
Present Value of Platform	–	\$2,387						

(1) Based on 2029E NOI of \$2,503mm and 4.75% cap rate

Valuation: TIP REIT in Total

Based on “TIPS”-based valuation of TIP REIT, the implied TIP REIT valuation is \$28bn, or \$38/share today

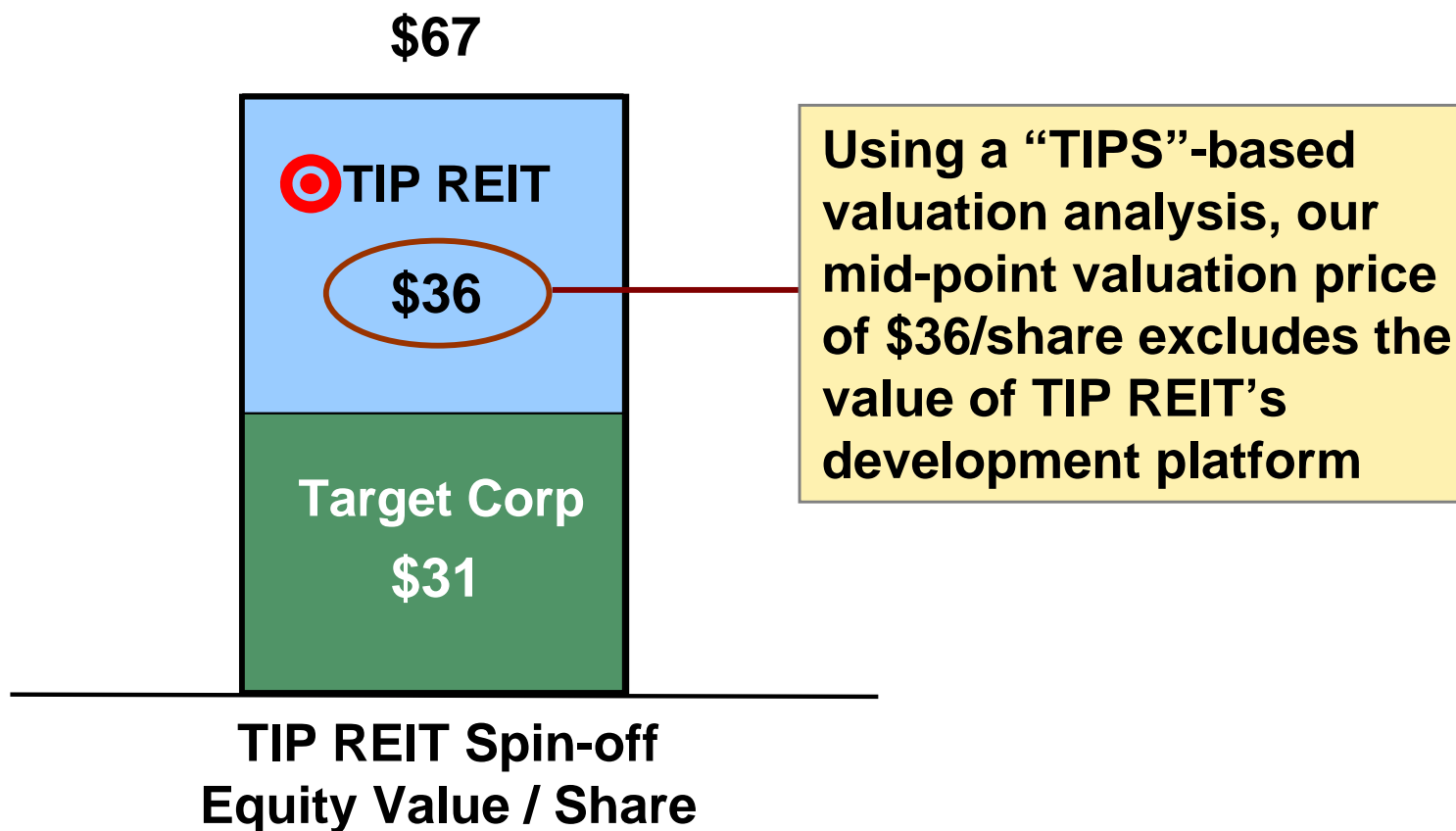
	Equity Value ⁽¹⁾	Implied Cap Rate ⁽²⁾	Valuation
<div style="background-color: #4a7ebb; color: white; padding: 10px; text-align: center; margin-bottom: 10px;">TIP-like Security</div> <div style="text-align: center; font-size: 2em; color: #4a7ebb; margin-bottom: 10px;">+</div> <div style="background-color: #4a7ebb; color: white; padding: 10px; text-align: center; margin-bottom: 10px;">Land Developer</div> <div style="text-align: center; font-size: 2em; color: #4a7ebb; margin-bottom: 10px;">=</div> <div style="background-color: #f1c232; color: black; padding: 10px; text-align: center; margin-bottom: 10px;">Total TIP REIT</div>	<p>\$36/share</p> <hr/> <p>\$2/share</p> <hr/> <p>\$38/share</p>	<p>5.0%</p> <hr/> <p>5.1%</p>	<ul style="list-style-type: none"> ■ 2008E Existing dividends: \$1,356mm ■ Dividend yield: 4.75% – 5.25% ■ Valuation: \$26bn – \$29bn <hr/> <ul style="list-style-type: none"> ■ 2029E NOI: \$2,503mm ■ Terminal cap rate: 4.75% – 5.25% ■ Discount rate on 20-yr DCF: 10.5% – 12.5% ■ Valuation: \$0.0bn – \$2.4bn <hr/> <ul style="list-style-type: none"> ■ 2009E NOI of \$1,452mm ■ Valuation: \$26bn – \$31bn or \$34/share – \$41/share

(1) At mid-point valuation

(2) Implied yield calculated based on NOI / Implied value

Conservative Approach to Valuation

Our mid-point valuation price (pre-IPO) for TIP REIT of \$36 (1) implies a 5.0% dividend yield for the TIPS-like security and (2) excludes the value of the Land Developer



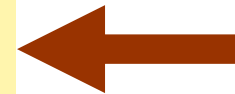
Why is TIP REIT More Valuable
than a Private Ground Lease?

Ground Leases Typically Trade from 5.50% to 6.25%

Precedent private ground lease transactions support cap rates of approximately 5.50% – 6.25% for a typical ground lease with no development pipeline

Transaction	Tenant	Location	Building Size (Sq. Ft.)	Lot Size (Acres)	Cap Rate	Lease Term	Options	Total Lease Term with Options
For Sale	Lowe's	Princeton, WV	116,000	14.16	6.61%	20 Years	6, Five-Year	50 Years
For Sale	Kohl's	Selinsgrove, PA	68,416	4.47	6.25%	20 Years	8, Five-Year	60 Years
For Sale	Lowe's	Derby, CT	152,890	13.10	5.50%	20 Years	8, Five-Year	60 Years
For Sale	Lowe's	Eugene, OR	137,933	12.30	6.25%	20 Years	na	na
For Sale	Wal-Mart	Albuquerque, NM	40,000	5.15	5.50%	20 Years	15, Five-Year	95 Years
For Sale	Kohl's	Fort Gratiot, MI	89,008	14.75	5.75%	20 Years	4, Five-Year	40 Years
Sold	Target	Fairlawn, OH	99,402	5.28	6.00%	20 Years	6, Five-Year	50 Years
Sold - March 27, 2008	Lowe's	Whitehall, PA	166,609	14.24	6.05%	20 Years	na	na
Sold - March 23, 2008	Home Depot	Austell, GA	130,948	14.46	5.75%	20 Years	na	na
Sold - October 2007	Kohl's	Reno, NV	94,213	9.09	6.10%	na	na	na
Sold - September 2007	Lowe's	Escondido, CA	178,712	11.27	6.00%	20 Years	6, Five-Year	50 Years
Sold - July 2007	Lowe's	Sayre, PA	111,371	12.50	6.25%	20 Years	8, Five-Year	60 Years

Mean	6.00%
Median	6.03%
High	6.61%
Low	5.50%



Source: LoopNet and other public filings

Why is TIP REIT Better than a Private Ground Lease?

TIP REIT offers better value to investors than a typical private ground lease

- ▶ **TIP REIT has several qualities which make it more attractive than a private ground lease**
 - ✓ Large cap, liquid public ownership
 - ✓ 75-year Master Lease term (longer than most private ground leases)
 - ✓ 1,435 retail properties ⁽¹⁾ in 48 states
 - ✓ Inflation-protected rental stream with annual adjustments
 - ✓ Best-in-class retail tenant
 - ✓ Geographic diversity
- ▶ **Unlike a static ground lease, TIP REIT also has growth, given its dependable new store growth pipeline**

Given the above factors, TIP REIT will trade at a lower cap rate than an individual private ground lease

(1) Represents 2008E Target Corp stores on TIP REIT land

Revised Transaction: Financial Models

Key Revised Assumptions in Models

For illustrative purposes, we have assumed the sale of remaining 53% interest in the credit card business and the 19.9% IPO of TIP REIT occurring 1/1/09, to be followed by a full spin-off of TIP REIT on 1/1/10

- ▶ **We have updated our model to reflect Q3 2008 results as well as new guidance provided by Target management on its earnings call on Monday, November 17, 2008**
- ▶ **Consolidated Model**
 - Assume TIP REIT is captive and fully consolidated with the retailer for accounting purposes
 - For illustrative purposes, financials show full consolidation of the captive REIT throughout the entire projection period (such consolidation would cease upon full spin-off on 1/1/10)
- ▶ **TIP REIT Model**
 - \$1.6bn of cash E&P distribution now funded with proceeds from the 19.9% IPO of TIP REIT instead of additional debt
- ▶ **Target Corp Model**
 - Adjustments to opening balance sheet reflect de-consolidation of TIP REIT from Consolidated Model

Model - Consolidated

Consolidated Model – Income Statement

(\$mm)	Status Quo	Status Quo	Credit Card Adj.	20% IPO TIP REIT	Pro Forma	Calendar Year,					CAGR '09 - '13
	CY2007	CY2008				CY2008	2009	2010	2011	2012	
Retail Sales	61,471	63,720			63,720	66,600	71,171	78,082	86,068	95,316	9.4%
Base Sales Growth (%)						4.5%	6.9%	9.7%	10.2%	10.7%	
Credit Revenue	1,896	2,087	(1,944)		144	150	160	176	194	215	9.4%
Credit Sales Growth						4.5%	6.9%	9.7%	10.2%	10.7%	
Total Revenue	63,367	65,807			63,863	66,750	71,331	78,258	86,262	95,530	9.4%
Total Revenue Growth						4.5%	6.9%	9.7%	10.2%	10.7%	
COGS	42,929	44,531			44,531	46,544	49,632	54,373	60,075	66,521	
% of Retail Sales	69.8%	69.9%			69.9%	69.9%	69.7%	69.6%	69.8%	69.8%	
SG&A (excluding D&A and Rent Expense)	12,392	12,899		15	12,914	13,596	14,423	15,744	17,352	19,213	
% of Retail Sales	20.2%	20.2%			20.3%	20.4%	20.3%	20.2%	20.2%	20.2%	
Credit Expenses	950	1,520	(1,520)		-	-	-	-	-	-	
% of Credit Revenue	50.1%	72.8%			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Retail EBITDAR	6,150	6,290			6,275	6,460	7,117	7,965	8,641	9,582	10.4%
Retail EBITDAR Margin (%)	10.0%	9.9%			9.8%	9.7%	10.0%	10.2%	10.0%	10.1%	
Credit EBITDAR	946	567	(424)		144	150	160	176	194	215	9.4%
Credit EBITDAR Margin (%)	49.9%	27.2%			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
EBITDAR	7,096	6,857			6,418	6,610	7,277	8,140	8,834	9,796	10.3%
EBITDAR Margin (%)	11.2%	10.4%			10.1%	9.9%	10.2%	10.4%	10.2%	10.3%	
Rent Expense	165	169			169	173	178	182	187	191	
EBITDA	6,931	6,688			6,249	6,436	7,099	7,958	8,648	9,605	10.5%
EBITDA Margin (%)	10.9%	10.2%			9.8%	9.6%	10.0%	10.2%	10.0%	10.1%	
Depreciation & Amortization	1,659	1,819			1,819	1,940	2,073	2,274	2,507	2,776	
% of Retail Sales	2.7%	2.9%			2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	
Operating Income	5,272	4,870			4,431	4,496	5,026	5,684	6,141	6,829	11.0%
Net Interest (Income) / Expense	647	942	(440)	(232)	270	333	352	422	469	515	
Income Tax Provision	1,776	1,545			1,519	1,469	1,659	1,879	2,032	2,272	
Tax Rate (%)	38%	39%			36%	35%	35%	36%	36%	36%	
Minority Interest Expense				259	259	257	266	273	280	289	
Net Income	2,849	2,383			2,383	2,438	2,750	3,110	3,360	3,753	11.4%
Net Income Margin (%)	4.5%	3.6%			3.7%	3.7%	3.9%	4.0%	3.9%	3.9%	
Current Diluted Shares Outstanding	882.6	819.0			819.0	754.7	754.7	702.1	688.3	678.3	
Shares Repurchase	(63.7)	(64)			(64.3)	0.0	(52.5)	(13.8)	(10.0)	(7.2)	
Share Repurchase from Options	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0	
Total Shares Outstanding	819.0	754.7			754.7	754.7	702.1	688.3	678.3	671.1	
Weighted Average Shares Outstanding	850.8	773.7			773.7	754.7	728.4	695.2	683.3	674.7	
Earnings per Share (\$)	\$3.33	\$3.08			\$3.08	\$3.23	\$3.78	\$4.47	\$4.92	\$5.56	14.6%

Consolidated Model – Balance Sheet

(\$mm)	Status Quo	Status Quo	Credit Card Adj.	20% IPO TIP REIT	Pro Forma CY2008	Calendar Year,				
	CY2007	CY2008				2009	2010	2011	2012	2013
Cash & Equivalents	2,450	500	0	1,600	2,100	2,100	500	500	500	500
Trade Receivables	8,054	8,249	(8,249)		-	-	-	-	-	-
Other Current Assets	8,402	8,903			8,903	9,305	9,944	10,909	12,025	13,317
Property, Plant & Equipment, gross	31,982	35,316			35,316	38,427	41,510	46,271	51,715	57,993
Accumulated Depreciation	(7,887)	(9,265)			(9,265)	(11,205)	(13,278)	(15,552)	(18,059)	(20,836)
Property, Plant & Equipment, net	24,095	26,051			26,051	27,223	28,233	30,719	33,656	37,157
Other Non-Current Assets	1,559	1,277			1,277	1,277	1,277	1,277	1,277	1,277
Total Assets	44,560	44,980			38,331	39,905	39,953	43,405	47,458	52,251
Debt	17,090	17,811	(8,000)	(2,974)	6,837	5,925	6,675	7,425	8,175	8,925
Other Current Liabilities	9,818	10,373			10,373	10,842	11,586	12,711	14,011	15,516
Other Non-Current Liabilities	2,345	2,521			2,521	2,521	2,521	2,521	2,521	2,521
Total Liabilities	29,253	30,705			19,731	19,288	20,782	22,657	24,707	26,963
Minority Interest	0	0		4,574	4,574	4,563	4,550	4,533	4,511	4,485
Total Equity	15,307	14,275	(249)		14,026	16,054	14,622	16,215	18,239	20,804
Total Equity & Liabilities	44,560	44,980			38,331	39,905	39,953	43,405	47,458	52,251

Consolidated Model – Cash Flow Statement

(\$mm)	Pro Forma	Calendar Year,				
	CY2008	2009	2010	2011	2012	2013
EBITDA	6,688	6,436	7,099	7,958	8,648	9,605
less: Interest Expense	(270)	(333)	(352)	(422)	(469)	(515)
less: Taxes	(1,545)	(1,469)	(1,659)	(1,879)	(2,032)	(2,272)
less: Dividends Paid to Minorities	(268)	(268)	(279)	(289)	(302)	(315)
Share-based Compensation	73	73	73	73	73	73
less: Increase in Net Working Capital	54	66	105	159	184	213
less: Increase Funding of CC Growth	0	0	0	0	0	0
Cash Flow from Operating Activities	4,733	4,506	4,988	5,600	6,103	6,789
Capital Expenditures	(3,820)	(3,111)	(3,083)	(4,761)	(5,444)	(6,277)
Cash Flow from Investing Activities	(3,820)	(3,111)	(3,083)	(4,761)	(5,444)	(6,277)
Issuance of Debt		0	750	750	750	750
Repayment of Debt		(912)	(0)	0	0	0
Issuance of Equity / (Buy Back)		0	(3,760)	(1,089)	(890)	(722)
Issuance of Dividends to Common		(483)	(495)	(501)	(519)	(540)
Cash Flow from Financing Activities		(1,395)	(3,505)	(839)	(659)	(512)
Beginning Cash Balance		2,100	2,100	500	500	500
Change in Cash		0	(1,600)	0	0	0
Ending Cash Balance		2,100	500	500	500	500
Average Cash Balance		2,100	1,300	500	500	500
Interest Income	3.0%	63	39	15	15	15

Consolidated Model – Build-ups and Credit Metrics

	Status Quo CY2007	Status Quo CY2008	Pro Forma CY2008	Calendar Year,				
				2009	2010	2011	2012	2013
Sales Buildup								
Square Feet (mm)	208	222	222	231	239	254	270	289
\$ / Sq. Ft.	296	286	286	288	297	308	318	330
Retail Sales	61,471	63,720	63,720	66,600	71,171	78,082	86,068	95,316
Implied Retail Sales Growth (%)			3.7%	4.5%	6.9%	9.7%	10.2%	10.7%
Sq. Footage Growth (%)			7.0%	4.0%	3.5%	6.0%	6.5%	7.0%
SSS Growth (%)			(3.1%)	0.5%	3.3%	3.5%	3.5%	3.5%
CapEx Buildup								
Total System CapEx	4,369	3,820	3,820	3,111	3,083	4,761	5,444	6,277
CapEx as % of Retail Sales	7.1%	6.0%	6.0%	4.7%	4.3%	6.1%	6.3%	6.6%
Credit Metrics								
	Status Quo CY2007	Status Quo CY2008	Pro Forma CY2008					
Lease Adjusted Debt	8 x	1,320	1,353	1,353	1,387	1,421	1,457	1,493
Actual Debt		17,090	17,811	6,837	5,925	6,675	7,425	8,175
Total Lease Adjusted Debt		18,410	19,164	8,190	7,312	8,097	8,882	9,669
Total Lease Adjusted Debt/EBITDAR		2.6 x	2.8 x	1.3 x	1.1 x	1.1 x	1.1 x	1.1 x
Total Debt / EBITDA		2.5 x	2.7 x	1.1 x	0.9 x	0.9 x	0.9 x	0.9 x
EBITDAR / (Interest + Rent)		8.7 x	6.2 x	14.6 x	13.1 x	13.7 x	13.5 x	13.5 x
EBITDA / Interest		10.7 x	7.1 x	23.2 x	19.3 x	20.2 x	18.9 x	18.5 x

Consolidated Model – Tax Adjustments

(\$mm)	Pro Forma	Calendar Year,				
	CY2008	2009	2010	2011	2012	2013
Profit Before Taxes	4,161	4,164	4,674	5,262	5,672	6,313
<i>Tax Rate (%)</i>	39%	38%	38%	38%	38%	38%
Taxes	1,636	1,582	1,776	1,999	2,155	2,399
Less: State Tax Savings	(16)	(16)	(16)	(16)	(17)	(17)
Less: Tax Adj. for Public REIT Shareholders	(102)	(98)	(101)	(104)	(106)	(110)
Less: Facilities Mgmt Tax Adj.	(0)	(0)	(0)	(0)	(0)	(0)
Net Consolidated Taxes	1,519	1,469	1,659	1,879	2,032	2,272
Adjustment Calculations:						
<u>State Tax Savings:</u>						
Total REIT Net Income	1,303	1,292	1,334	1,370	1,408	1,450
Net Income to Other Shareholders	259	257	266	273	280	289
Net Income to Target	1,044	1,035	1,069	1,097	1,128	1,161
<i>Assumed Tax Rate (150bps less than current rate)</i>	38%	37%	37%	37%	37%	37%
Total State Tax Savings	(16)	(16)	(16)	(16)	(17)	(17)
<u>Facilities Management Adjustments:</u>						
Facilities Mgmt Income	19	19	20	22	24	27
Facilities Mgmt Taxes	7	7	8	8	9	10
Minority Interest on Taxes	(1)	(1)	(2)	(2)	(2)	(2)
Target Share of Facilities Mgmt Income	10	10	11	12	13	15
<i>Adjustment for Dividend Received Deduction</i>	12%	11%	11%	11%	11%	11%
Incremental Facilities Mgmt Adj.	1	1	1	1	2	2
Total Facilities Management Tax Adj.	(0)	(0)	(0)	(0)	(0)	(0)

Model - TIP REIT

TIP REIT Model – Income Statement

(\$mm, except as noted)	Pro Forma	Calendar Year,				
	CY2008	2009	2010	2011	2012	2013
Gross TIP REIT Revenues from Ground-leased Store Land	1,327	1,389	1,482	1,625	1,789	1,980
Gross TIP REIT Revenues from Ground-leased DCs & WHs Land	44	44	45	49	52	56
Total Gross TIP REIT Revenues	1,371	1,433	1,527	1,673	1,842	2,037
Total TIP REIT Net Rental Revenues	1,371	1,433	1,527	1,673	1,842	2,037
<i>% of Target Corp Retail Sales</i>	<i>2.2%</i>	<i>2.2%</i>	<i>2.1%</i>	<i>2.1%</i>	<i>2.1%</i>	<i>2.1%</i>
Plus: Facilities Management Income	144	144	154	169	186	206
Less: Facilities Management Expense	(125)	(125)	(134)	(147)	(162)	(179)
Net Facilities Management Income	19	19	20	22	24	27
Net Operating Income	1,389	1,452	1,547	1,695	1,866	2,063
Less: G&A Expense	(20)	(20)	(21)	(21)	(22)	(22)
Less: Incremental Standalone Cost	(15)	(15)	(15)	(16)	(16)	(17)
EBITDA	1,354	1,417	1,511	1,659	1,828	2,025
Less: Depreciation & Amortization	(44)	(55)	(66)	(85)	(108)	(134)
Less: Interest Expense	-	(62)	(103)	(196)	(304)	(431)
Less: Taxes on Facilities Mgmt. Income 38%	(7)	(7)	(8)	(8)	(9)	(10)
Net Income	1,303	1,292	1,334	1,370	1,408	1,450
Normalized Net Income ⁽¹⁾	1,303	1,292	1,334	1,370	1,408	1,450
Ending Shares Outstanding	942.1	942.1	942.1	942.1	942.1	942.1
Earnings per Share	\$1.38	\$1.37	\$1.42	\$1.45	\$1.49	\$1.54
Normalized Earnings per Share ⁽¹⁾	\$1.38	\$1.37	\$1.42	\$1.45	\$1.49	\$1.54
Dividends on Common % AFFO 100.0%	1,347	1,347	1,400	1,455	1,515	1,584
Special Dividends ⁽²⁾	-	-	-	-	-	-
Normalized Dividends ⁽¹⁾	1,347	1,347	1,400	1,455	1,515	1,584
Normalized Dividends per Share ⁽¹⁾	\$1.43	\$1.43	\$1.49	\$1.54	\$1.61	\$1.68

(1) Normalized to exclude incremental interest expense due to CY2010 cash E&P distribution

(2) \$1.6bn of proceeds from a 19.9% IPO of TIP REIT used to pay cash E&P distribution in CY 2010

TIP REIT Model – Balance Sheet

(\$mm, except as noted)	Pro Forma CY2008	Calendar Year,				
		2009	2010	2011	2012	2013
Real Estate:						
Gross Existing Properties - Land & Improvements	11,833	11,833	11,833	11,833	11,833	11,833
Maintenance Capex		-	-	-	-	-
Development Properties - Land & Improvements		890	1,720	3,258	5,059	7,176
Accumulated Depreciation	(885)	(941)	(1,007)	(1,092)	(1,199)	(1,333)
Net Real Estate Asset	10,948	11,782	12,546	14,000	15,693	17,677
Cash	-	3	3	3	3	3
Total Assets	10,948	11,785	12,549	14,003	15,696	17,680
Debt:						
Revolver	-	3	3	3	3	3
New Debt	-	890	1,720	3,258	5,059	7,176
Total Debt	-	893	1,723	3,261	5,062	7,179
Common Equity	10,948	10,948	10,948	10,948	10,948	10,948
Retained Earnings (Deficit)		(55)	(121)	(206)	(314)	(448)
Total Equity	10,948	10,892	10,827	10,742	10,634	10,500
Total Liabilities & Equity	10,948	11,785	12,549	14,003	15,696	17,680

TIP REIT Model – Cash Flow Statement

(\$mm, except as noted)	Calendar Year,				
	2009	2010	2011	2012	2013
Cash Flow from Operating Activities:					
EBITDA	1,417	1,511	1,659	1,828	2,025
Less: Interest Expense	(62)	(103)	(196)	(304)	(431)
Less: Taxes on Facilities Mgmt. Income	(7)	(8)	(8)	(9)	(10)
Net Cash Flow from Operating Activities	1,347	1,400	1,455	1,515	1,584
Cash Flow from Investing Activities:					
Development Capex	(890)	(830)	(1,539)	(1,801)	(2,117)
Maintenance Capex	-	-	-	-	-
Net Cash Flow from Investing Activities	(890)	(830)	(1,539)	(1,801)	(2,117)
Cash Flow from Financing Activities:					
<i>Debt Financing:</i>					
Increase (Decrease) in Revolver	3	-	-	-	-
Increase (Decrease) in New Debt	890	830	1,539	1,801	2,117
<i>Equity Financing:</i>					
Increase (Decrease) in Common Equity	-	-	-	-	-
Dividends on Common	(1,347)	(1,400)	(1,455)	(1,515)	(1,584)
Special Dividends	-	-	-	-	-
Net Cash Flow from Financing Activities	(455)	(570)	84	285	533
Beginning Cash Balance	-	3	3	3	3
Net Change in Cash	3	-	-	-	-
Ending Cash Balance	3	3	3	3	3

TIP REIT Model – Rent Build-up

Assumptions (\$mm, except as noted):	Pro Forma		Calendar Year,					CAGR
	CY2008		2009	2010	2011	2012	2013	'09 - '13
Total Combined Stores - Sq. Ft.	Count							
Owned Stores	1,435		190	198	207	221	237	256
Combined (Ground-leased) Stores	176		23	23	23	23	23	23
Third-party Leased Stores	73		10	10	10	10	10	10
Total Combined Stores Square Footage			222	231	239	254	270	289
<i>Total Combined Stores Square Footage Growth</i>				4.0%	3.5%	6.0%	6.5%	7.0%
TIP REIT Stores - Sq. Ft.	Count							
Owned Stores	1,435	Yes	190	198	207	221	237	256
Total TIP REIT Stores Square Footage			190	198	207	221	237	256
<i>Total TIP REIT Stores Square Footage Growth</i>				4.7%	4.1%	7.0%	7.5%	8.0%
Total Combined DCs & WHs - Sq. Ft.	Count							
Owned DCs & WHs	25		35	35	35	37	39	41
Combined (Ground-leased) DCs & WHs	1		1	1	1	1	1	1
Third-party Leased DCs & WHs	5		7	7	7	7	7	7
Total Combined DCs & WHs Square Footage			44	44	44	46	47	49
<i>Total DCs & WHs Sq. Ft. vs. Total Combined Stores Sq. Ft.</i>			19.6%	18.9%	18.2%	18.0%	17.5%	17.0%
TIP REIT DCs & WHs - Sq. Ft.	Count							
Owned DCs & WHs	25	Yes	35	35	35	37	39	41
Total TIP REIT DCs & WHs Square Footage			35	35	35	37	39	41
<i>Total TIP REIT DCs & WHs Square Footage Growth</i>				0.0%	0.0%	5.7%	4.3%	4.8%
Rent / Square Foot - Store Land			\$7.00	\$7.00	\$7.18	\$7.35	\$7.54	\$7.73
<i>CPI Growth</i>				2.5%	2.5%	2.5%	2.5%	2.5%
<i>Average Growth</i>				2.5%	2.5%	2.5%	2.5%	2.5%
TIP REIT Revenues from Ground-leased Land			1,327	1,389	1,482	1,625	1,789	1,980
Rent / Square Foot - DCs & WHs Land			\$1.25	\$1.25	\$1.28	\$1.31	\$1.35	\$1.38
<i>CPI Growth</i>				2.5%	2.5%	2.5%	2.5%	2.5%
<i>Average Growth</i>				2.5%	2.5%	2.5%	2.5%	2.5%
TIP REIT Revenues from Ground-leased DCs & WHs			44	44	45	49	52	56
Total TIP REIT Gross Revenues			1,371	1,433	1,527	1,673	1,842	2,037

TIP REIT Model – FFO & AFFO Reconciliations, Credit Statistics and Implied Metrics

FFO & AFFO Reconciliations:	Pro Forma	Calendar Year,					
	CY2008	2009	2010	2011	2012	2013	
Net Income	1,303	1,292	1,334	1,370	1,408	1,450	
Plus: Depreciation & Amortization	44	55	66	85	108	134	
Funds from Operations	1,347	1,347	1,400	1,455	1,515	1,584	
Ending Shares Outstanding	942.1	942.1	942.1	942.1	942.1	942.1	
FFO / Share	\$1.43	\$1.43	\$1.49	\$1.54	\$1.61	\$1.68	
Less: Maintenance Capex	-	-	-	-	-	-	
Adjusted Funds from Operations	1,347	1,347	1,400	1,455	1,515	1,584	
Normalized AFFO ⁽¹⁾	1,347	1,347	1,400	1,455	1,515	1,584	
Credit Statistics:							
Coverage:							
EBITDA / Interest Expense		22.7x	14.6x	8.5x	6.0x	4.7x	
(EBITDA - Maintenance Capex) / Interest Expense		22.7x	14.6x	8.5x	6.0x	4.7x	
Leverage:							
Total Debt / EBITDA		0.6x	1.1x	2.0x	2.8x	3.5x	
Capitalization:							
Total Debt / Total Real Estate Value		3.7%	6.7%	11.6%	16.4%	21.1%	
<i>(NOI capped at 6.0% and 8.5% for store land and DCs & WHs land, respectively)</i>							
Implied Metrics:							
Incremental Stores Square Footage			9	8	14	16	19
SuperTarget Stores	50.0%		4	4	7	8	9
Implied New Combined SuperTarget Stores	0.177	Sq. Ft. / SuperTarget	25	23	41	47	54
% of Total New Stores Built			41.0%	41.8%	41.4%	41.6%	41.5%
Combined Total Number of SuperTarget Stores		239	264	287	328	375	429
General Merchandise Stores	50.0%		4	4	7	8	9
Implied New Combined GM Stores	0.125	Sq. Ft. / GM	36	32	58	66	76
% of Total New Stores Built			59.0%	58.2%	58.6%	58.4%	58.5%
Combined Total Number of General Merchandise Stores		1,445	1,481	1,513	1,571	1,637	1,713
Total Implied New Stores			61	55	99	113	130
Cumulative Combined Total Implied Stores		1,684	1,745	1,800	1,899	2,012	2,142
Incremental DCs & WHs Square Footage			-	-	2	2	2
Implied Combined New DCs & WHs	1.408		0	0	1	1	1
Total Implied New DCs & WHs			0	0	1	1	1
Cumulative Combined Total Implied DCs & WHs		31	31	31	32	34	35

(1) Normalized to exclude incremental interest expense due to CY2010 cash E&P distribution

TIP REIT Model – Capex Schedule

(\$mm, except as noted)		Calendar Year,				
		2009	2010	2011	2012	2013
Total Combined Expenditures		3,111	3,083	4,761	5,444	6,277
Maintenance / Retail Capital Expenditures		1,332	1,423	1,638	1,806	2,000
Target Corp - Store Buildings		1,332	1,423	1,638	1,806	2,000
TIP REIT		-	-	-	-	-
Development Capital Expenditures		1,779	1,660	3,122	3,638	4,278
Target Corp Building - Store and DCs & WHs	71.4%	890	830	1,583	1,837	2,160
TIP REIT Land - Store and DCs & WHs	28.6%	890	830	1,539	1,801	2,117
Target Corp - Other		-	-	-	-	-
TIP REIT Land - Store		890	830	1,509	1,776	2,088
<i>Store Land Cost per Square Foot</i>		<i>\$100.00</i>	<i>\$102.50</i>	<i>\$105.06</i>	<i>\$107.69</i>	<i>\$110.38</i>
TIP REIT Land - DCs & WHs		-	-	30	24	29
<i>DCs & WHs Land Cost per Square Foot</i>		<i>\$14.00</i>	<i>\$14.35</i>	<i>\$14.71</i>	<i>\$15.08</i>	<i>\$15.45</i>
TIP REIT Land - Store	Yes	890	830	1,509	1,776	2,088
TIP REIT Land - DCs & WHs	Yes	-	-	30	24	29
Total Development Capex		890	830	1,539	1,801	2,117
Development Financing Sources:						
Debt Financing	100%	890	830	1,539	1,801	2,117
Equity Financing	0%	-	-	-	-	-

Model - Target Corp

Target Corp Model – Income Statement

(\$mm)	Status		Pro Forma CY2009	Calendar Year,				CAGR '09 - '13
	Quo CY2009	REIT Adj.		2010	2011	2012	2013	
Retail Sales	66,600		66,600	71,171	78,082	86,068	95,316	9.4%
<i>Base Sales Growth (%)</i>				6.9%	9.7%	10.2%	10.7%	
Credit Revenue	150		150	160	176	194	215	9.4%
<i>Credit Sales Growth</i>			na	6.9%	9.7%	10.2%	10.7%	
Total Revenue	66,750		66,750	71,331	78,258	86,262	95,530	9.4%
<i>Total Revenue Growth</i>				6.9%	9.7%	10.2%	10.7%	
COGS	46,544		46,544	49,632	54,373	60,075	66,521	
<i>% of Retail Sales</i>	69.9%		69.9%	69.7%	69.6%	69.8%	69.8%	
SG&A (excluding D&A and Rent Expense)	13,596	(35)	13,561	14,387	15,708	17,314	19,175	
<i>% of Retail Sales</i>	20.4%		20.4%	20.2%	20.1%	20.1%	20.1%	
Credit Expenses	-		-	-	-	-	-	
<i>% of Credit Revenue</i>	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	
Retail EBITDAR	6,460		6,495	7,153	8,001	8,678	9,620	10.3%
<i>Retail EBITDAR Margin (%)</i>	9.7%		9.8%	10.0%	10.2%	10.1%	10.1%	
Credit EBITDAR	150		150	160	176	194	215	9.4%
<i>Credit EBITDAR Margin (%)</i>	100.0%		na	na	na	na	na	
EBITDAR (Pre-spin)	6,610		6,645	7,313	8,177	8,872	9,835	10.3%
<i>EBITDAR Margin (%)</i>	9.9%		10.0%	10.3%	10.4%	10.3%	10.3%	
Current Embedded Facility Management Costs		(125)	(125)	(134)	(147)	(162)	(179)	
External Facility Mgmt. Payments to TIP REIT		144	144	154	169	186	206	
Current Rent Expense	173		173	178	182	187	191	
Additional Rent Expense			1,433	1,527	1,673	1,842	2,037	
Pro Forma EBITDA (Post-spin)	6,436		5,020	5,588	6,300	6,819	7,580	10.9%
<i>EBITDA Margin (%)</i>	9.6%		7.5%	7.8%	8.0%	7.9%	7.9%	
Depreciation & Amortization	1,940	(55)	1,885	2,007	2,189	2,400	2,642	
<i>% of Retail Sales</i>			2.8%	2.8%	2.8%	2.8%	2.8%	
Operating Income	4,496		3,135	3,581	4,110	4,420	4,938	12.0%
Net Interest (Income) / Expense	333	(31)	302	330	346	463	555	
Income Tax Provision	1,469		1,077	1,235	1,430	1,504	1,665	
<i>Tax Rate (%)</i>	35%		38%	38%	38%	38%	38%	
Minority Interest	257	(257)	0	0	0	0	0	
Net Income	2,438		1,757	2,015	2,334	2,453	2,717	11.5%
<i>Net Income Margin (%)</i>	3.7%		2.6%	2.8%	3.0%	2.8%	2.8%	
Current Diluted Shares Outstanding			754.7	754.7	726.2	683.8	657.0	
Shares Repurchase			0.0	(28.5)	(42.4)	(26.8)	(29.3)	
Share Repurchase from Options			0.0	0.0	0.0	0.0	0.0	
Total Shares Outstanding			754.7	726.2	683.8	657.0	627.7	
Weighted Average Shares Outstanding			754.7	740.4	705.0	670.4	642.3	
Earnings per Share (\$)			\$2.33	\$2.72	\$3.31	\$3.66	\$4.23	16.1%

Target Corp Model – Balance Sheet

(\$mm)	Status Quo	REIT Adj.	Pro Forma CY2009	Calendar Year,			
	CY2009			2010	2011	2012	2013
Cash & Equivalents	2,100	(1,600)	500	500	500	500	500
Trade Receivables	-		-	-	-	-	-
Other Current Assets	9,305		9,305	9,944	10,909	12,025	13,317
Property, Plant & Equipment, gross	38,427	(12,723)	25,704	27,958	31,179	34,823	38,983
Accumulated Depreciation	(11,205)	941	(10,264)	(12,271)	(14,461)	(16,860)	(19,503)
Property, Plant & Equipment, net	27,223	(11,782)	15,440	15,686	16,719	17,962	19,480
Other Non-Current Assets	1,277		1,277	1,277	1,277	1,277	1,277
Total Assets	39,905		26,523	27,407	29,405	31,765	34,574
Debt	5,925	(890)	5,036	4,595	5,544	5,892	6,697
Other Current Liabilities	10,842		10,842	11,586	12,711	14,011	15,516
Other Non-Current Liabilities	2,521		2,521	2,521	2,521	2,521	2,521
Total Liabilities	19,288		18,398	18,702	20,776	22,424	24,735
Minority Interest	4,563	(4,563)	0	0	0	0	0
Total Equity	16,054	(7,930)	8,124	8,705	8,629	9,340	9,840
Total Equity & Liabilities	39,905		26,523	27,407	29,405	31,765	34,574

Target Corp Model – Cash Flow Statement

(\$mm)	Calendar Year,			
	2010	2011	2012	2013
EBITDA	5,588	6,300	6,819	7,580
less: Interest Expense	(330)	(346)	(463)	(555)
less: Taxes	(1,235)	(1,430)	(1,504)	(1,665)
Share-based Compensation	73	73	73	73
less: Increase in Net Working Capital	105	159	184	213
less: Increase Funding of CC Growth	0	0	0	0
Cash Flow from Operating Activities	4,201	4,756	5,110	5,646
Capital Expenditures	(2,253)	(3,222)	(3,643)	(4,160)
Cash Flow from Investing Activities	(2,253)	(3,222)	(3,643)	(4,160)
Issuance of Debt	1,507	2,483	1,815	2,291
Repayment of Debt	(1,948)	(1,534)	(1,467)	(1,486)
Issuance of Equity / (Buy Back)	(1,507)	(2,483)	(1,815)	(2,291)
Issuance of Dividends to Common	0	0	0	0
Cash Flow from Financing Activities	(1,948)	(1,534)	(1,467)	(1,486)
Beginning Cash Balance	500	500	500	500
Change in Cash	0	0	0	0
Ending Cash Balance	500	500	500	500
Average Cash Balance	500	500	500	500
Interest Income				
		3.0%		
	15	15	15	15

Target Corp Model – Build-ups and Credit Metrics

Sales Buildup	Pro Forma	Calendar Year,			
	CY2009	2010	2011	2012	2013
Square Feet (mm)	231	239	254	270	289
\$ / Sq. Ft.	288	297	308	318	330
Retail Sales	66,600	71,171	78,082	86,068	95,316
Implied Retail Sales Growth (%)		6.9%	9.7%	10.2%	10.7%
Sq. Footage Growth (%)		3.5%	6.0%	6.5%	7.0%
SSS Growth (%)		3.3%	3.5%	3.5%	3.5%

CapEx Buildup	2009	2010	2011	2012	2013
Total System CapEx	3,111	3,083	4,761	5,444	6,277
CapEx as % of Retail Sales	4.7%	4.3%	6.1%	6.3%	6.6%
Maintenance/Retail CapEx	1,332	1,423	1,638	1,806	2,000
Additional Cap Ex	0.0	0.0			
TOTAL Maintenance/Retail CapEx	1,332	1,423	1,638	1,806	2,000
– Target Corp		1,423	1,638	1,806	2,000
– TIP REIT (Existing DC & WH)		0	0	0	0

Development CapEx			2009	2010	2011	2012	2013
Buildings (Tgt Corp)	% of Development	50%	890	830	1,583	1,837	2,160
Land	% of Development	50%	890	830	1,539	1,801	2,117
– Target Corp			0	0	0	0	0
– TIP REIT			890	830	1,539	1,801	2,117
Other (Target Corp)	% of Development	0%	0	0	0	0	0
			1,779	1,660	3,122	3,638	4,278

Facilities Management Business (\$mm)							
Total Current Costs			125	134	147	162	179
Growth %				6.9%	9.7%	10.2%	10.7%
Markup to TIP REIT			15%	15%	15%	15%	15%
Facilities Management Revenue to TIP REIT			144	154	169	186	206

Credit Metrics							
Lease Adjusted Debt							
	8 x	1,387	12,851	13,637	14,844	16,228	17,823
Actual Debt		5,925	5,036	4,595	5,544	5,892	6,697
Total Lease Adjusted Debt		7,312	17,887	18,232	20,388	22,120	24,520
Total Lease Adjusted Debt/EBITDAR	1.1 x		2.7 x	2.5 x	2.5 x	2.5 x	2.5 x
Total Debt / EBITDA	0.9 x		1.0 x	0.8 x	0.9 x	0.9 x	0.9 x
EBITDAR/ (Interest + Rent)	13.1 x		3.5 x	3.6 x	3.7 x	3.6 x	3.5 x
EBITDA / Interest	19.3 x		16.6 x	16.9 x	18.2 x	14.7 x	13.7 x