UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

[redacted], Individually and on Behalf of All Others Similarly Situated,	Civ. No.
Plaintiff,	CLASS ACTION
v.	**COMPLAINT FOR VIOLATION OF THE FEDERAL SECURITIES LAWS**
TARGET CORPORATION, GREGG W. STEINHAFEL, and JOHN J. MULLIGAN,	DEMAND FOR JURY TRIAL
Defendants.	

P l a i [redacted] individually and on behalf of all other persons similarly situated, by Plaintiff's undersigned attorneys, makes the following allegations based upon the investigation of Plaintiff's counsel, which included a review of U.S. Securities and Exchange Commission ("SEC") filings by Target Corporation ("Target" or the "Company"), as well as other regulatory filings and reports, securities analysts' reports and advisories about the Company, press releases and other public statements issued by the Company, and media reports about the Company. Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal securities fraud class action br

on behalf of itself and all other similarly situated persons or entities who, between February 27, 2013 and May 19, 2014, inclusive (the "Class Period"), purchased or otherwise acquired the publicly-traded common stock of Target (the "Class"), seeking to pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act") against Target and certain of its officers (as defined herein, "Defendants").

2. Target currently operates general merchandise discount stores throughout the U.S. The Company sells a wide variety of household essentials, music and movies, electronics, clothing, and other items, through its traditional stores, its website, and via direct shipment from vendors or third-parties. The Company distributes its merchandise through a network of distribution centers that rely on sophisticated supply chain management infrastructure and information technology systems.

3. On January 13, 2011, Target announced that it would expand its retail operations into Canada, with plans to open between 100 and 150 stores in the country during 2013 and 2014. In order to secure locations for its expansion, Target agreed to purchase leasehold interests in as many as 220 retail sites from Zellers, Inc. ("Zellers") for C$1.825 billion (then US$1.84 billion).[1]

4. Beginning on February 27, 2013, and continuing through the Class Period, Defendants painted a rosy initial picture of Target's expansion into Canada for its

[1] Unless otherwise noted, all currency values are presented in U.S. dollars.

shareholders. In part because of the purported success that Target was slated to achieve during fiscal 2013 in its Canadian segment, Defendants also provided the Company's shareholders with strong financial and operational guidance for fiscal 2013.

5. Target's Canadian operations, however, encountered problems from the start. When Target's Canadian results began to underperform investors' expectations, Defendants made a series of reassuring statements about the new Canadian stores. Defendants advanced the fiction that Target's expansion into Canada was progressing in a fashion similar to that experienced by the Company when it opened new stores in the United States.

6. These statements included reassurances regarding: (1) the Company's strengths, including its supply chain infrastructure and information technology systems; (2) the Company's current and projected operations in Canada; and (3) the Company's outlook and prospects for all operations, including those in Canada.

7. Defendants' Class Period statements relating to the Canadian expansion efforts and operations were materially false and misleading when made because they misrepresented or failed to disclose the following facts which were known or recklessly disregarded by them:

(a) at the time of the opening of its first group of stores in Canada, Target had significant problems with its supply chain infrastructure, distribution centers, and technology systems, as well as inadequately trained employees, problems that persisted throughout the Class Period;

(b) these problems caused significant, pervasive issues, including excess inventory at distribution centers and inadequate inventory at retail locations;

(c) this excess inventory at distribution centers and lack of inventory at retail locations forced Target to heavily discount products, incurring heavy losses;

(d) these supply-chain and personnel problems were not typical of newly launched locations in Target's traditional U.S.-based market;

(e) as a result, Defendants' statements about the Company, its financial condition, and the outlook for its business, including statements about Target Canada, lacked a reasonable basis when made.

8. Defendants' false and misleading statements and omissions caused Target stock to trade as high as $73.50 per share, and close as high as $73.25 per share on July 23, 2013.

9. On August 21, 2013 Target announced its results for the second quarter of 2013, including weak guidance for full-year earnings per share ("EPS") for 2013. Although CEO Steinhafel sought to reassure investors that the poor performance was of "the same kind" that Target saw "every time we open a new store here in the United States," Target's stock price declined by $2.45 per share, or 3.61 percent.

10. Later, on November 21, 2013, Target released downbeat results for the third quarter of 2013, including news that the Company's Canadian segment had suffered a drop in operation margin from rates exceeding 30 percent in prior quarters to only 14.8 percent due to the need to aggressively discount merchandise. Although Chief Financial Officer ("CFO") Mulligan attempted to assure investors that Target's personnel were

working to "rationalize" the Company's "inventory overhang," Target's stock price declined by $2.30 per share, or 3.46 percent.

11. Then, on May 5, 2014, Target announced that its Chief Executive Officer ("CEO"), Defendant Steinhafel, the architect of the Company's Canadian expansion, would leave the Company effective immediately, without any clear successor. Instead, the Company's CFO Mulligan was appointed interim CEO. On this news, Target's stock price fell $2.14 per share, or 3.45 percent.

12. Then, on May 20, 2014, prior to the trading session, news reports circulated that Target had fired Tony Fisher, the Company's president of Canadian operations. The abrupt termination of Mr. Fisher revealed that the string of weak results from Target's Canadian operations were not simply growing pains associated with normal store openings, but rather due to significant operational issues and were partial disclosures of Defendants' fraudulent scheme to conceal the persistent and ultimately intractable problems with the expansion.

13. Eventually, on January 15, 2015, Target revealed the Company would discontinue its Canadian operations and that Target Canada Co. had filed for bankruptcy protection in Canada. In response to this news, Target stock declined $1.63 per share, or 2.1 percent.

14. As a result of Defendants' wrongful acts and omissions, and the material decline in the market value of the Company's securities, Plaintiff and other Class Members suffered damages.

JURISDICTION AND VENUE

15. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and SEC Rule 10b-5 promulgated thereunder (17 C.F.R. § 240.10b-5).

16. This Court has jurisdiction over the subject matter of this action pursuant to Section 27 of the Exchange Act, 28 U.S.C. § 1331 [15 U.S.C. § 78a(a)].

17. Venue is proper in this District pursuant to Section 27 of the Exchange Act, 28 U.S.C. § 1391(b), because many of the events and omissions complained of herein occurred in substantial part in the District of Minnesota.

18. In connection with the acts alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to the mails, interstate telephone communications, and the facilities of the national securities markets.

PARTIES

19. Plaintiff [redacted] -traded common stock of Target at artificially inflated prices during the Class Period, as set forth in the accompanying Certification and incorporated by reference herein, and has been damaged thereby.

20. Defendant Target is incorporated in Minnesota and maintains its principal executive offices in Minneapolis, Minnesota. The Company's stock is listed on the New York Stock Exchange (the "NYSE") where it trades under the ticker symbol "TGT."

21. Defendant Gregg W. Steinhafel ("Steinhafel") served as Chairman, President, and CEO of Target during the Class Period prior to May 5, 2014. CEO Steinhafel certified the Company's periodic financial reports filed with the SEC and communicated with investors, participating in the Company's periodic conference calls.

22. Defendant John J. Mulligan ("Mulligan") served as the Company's CFO during the Class Period prior to May 5, 2014, and as the Company's CEO thereafter. CFO Mulligan certified the Company's periodic financial reports filed with the SEC and communicated with investors, participating in the Company's periodic conference calls.

23. The Defendants named in paragraphs 21 and 22 are referred to as the "Individual Defendants."

24. During the Class Period, the Individual Defendants, as senior executive officers of Target, were privy to confidential and proprietary information concerning the Company, its operations, finances, financial condition and present and future business prospects. The Individual Defendants also had access to material-adverse, non-public information concerning Target, as discussed in detail herein. Because of their positions with Target, the Individual Defendants had access to non-public information about its businesses, finances, products, markets and present and future business prospects *via* internal corporate documents, conversations and connections with other corporate officers and employees, attendance at management and/or board of directors meetings and committees thereof, and *via* reports and other information provided to them in connection therewith. Because of their possession of such information, the Individual

Defendants knew, or recklessly disregarded, that the adverse facts specified herein had not been disclosed to, and were being concealed from, the investing public.

25. The Individual Defendants are liable as direct participants in the wrongs complained of herein. In addition, the Individual Defendants, by reason of their status as senior executive officers and/or directors, were "controlling persons" within the meaning of Section 20(a) of the Exchange Act, and had the power and influence to cause the Company to engage in the unlawful conduct complained of herein. Because of their positions of control, the Individual Defendants were able to, and did, directly or indirectly, control the conduct of Target's business.

26. The Individual Defendants, because of their positions with the Company, controlled and/or possessed the authority to control the contents of Target's reports, press releases, and presentations to securities analysts and, through them, to the investing public. The Individual Defendants were provided with copies of the Company's reports and press releases alleged herein to be misleading, prior to or shortly after their issuance, and had the ability and opportunity to prevent their issuance or cause them to be corrected. Thus, the Individual Defendants had the opportunity to commit the fraudulent acts alleged herein.

27. As senior executive officers and as controlling persons of a publicly-traded company whose common stock is registered with the SEC, traded on the NYSE, and governed by the federal securities laws, the Individual Defendants had a duty to promptly disseminate accurate and truthful information with respect to the safety, quality control, regulatory oversight, and outlook of the Company's products, and to correct any

previously issued statements that had become materially misleading or untrue so that the market price of Target's common stock would be based upon truthful and accurate information. The Individual Defendants' misrepresentations and omissions during the Class Period violated these specific requirements and obligations.

FRAUDULENT CONDUCT AND COURSE OF BUSINESS

28. Defendants are liable for: (1) making false statements; or (2) failing to disclose adverse facts known to them about Target. Defendants' deception was a success, as it: (1) misled the investing public regarding Target's prospects and business; (2) artificially inflated the prices of Target common stock; and (3) caused Plaintiff and other members of the Class to purchase Target's common stock at inflated prices.

SUBSTANTIVE ALLEGATIONS

Background

29. Founded in 1902, Target is the second-largest discount retailer in the United States (after Wal-Mart Stores, Inc.) with more than 1,700 locations throughout the country. Target offers a wide array of merchandise from household essentials and certain food items to clothing and recreation goods.

30. Due to Target's numerous locations and wide variety of merchandise, the Company relies on a well-developed supply chain and technology infrastructure to maintain optimal levels of inventory throughout the Company's stores and properly process millions of transactions.

31. In January of 2011, Target announced that the Company would embark upon its first international expansion, launching operations in Canada by purchasing the leases for as many as 220 locations operated by Zellers, a struggling Canadian discount retailer, in a transaction valued at nearly $1.84 billion. As part of this strategy, Target formed Target Canada Co. and in mid-2012 confirmed the list of Canadian locations to be the first to open.

Defendants' False and Misleading Statements

32. On February 27, 2013, prior to the trading session, Target issued a press release announcing the Company's results of operations for the fourth quarter and full year of 2012. As part of its results, Target reported fourth quarter net earnings of $961 million, or earnings per share ("EPS") of $1.47, and full-year net earnings of $3.0 billion, or EPS of $4.52. Target also offered guidance that full-year adjusted EPS would be in the range of approximately $4.85 to $5.05.

33. Additionally, Target reported certain results for its Canadian Segment, including fourth quarter and full-year 2012 earnings before income and taxes ("EBIT") of $148 million and $369 million, respectively.

34. In connection with this press release, CEO Steinhafel stated in part:

> We're pleased with Target's fourth quarter performance, particularly in the face of a highly promotional retail environment and continued consumer uncertainty. ***Outstanding discipline and execution by our team allowed us to achieve our full-year financial and strategic goals in 2012***. We believe these results position us well to deliver on significant plans in 2013, ***including completion of the largest store opening program in our company's history with 124 stores in Canada*** and additional Target and CityTarget locations in the U.S., investing in new processes and technology

> that will improve our guests' multichannel experience and closing the sale of our credit card receivables.

35. On the same day, Defendant Steinhafel elaborated, on Target's readiness for its Canadian expansion, on a conference call with analyst:

> Beyond these financial goals, a year ago we had an ambitious list of priorities for 2012, including improving the performance of Target.com following our platform relaunch in 2011; ***an unprecedented effort required in Canada to finish three distribution centers, begin renovating stores, build an IT solution, and hire thousands of Canadian team members***; launching a completely new urban format with our first five City Targets; finding the right partner to purchase our credit card receivables assets on appropriate financial terms; and transitioning two key positions on our executive management team. ***While this was a bold agenda, our team embraced it and emerged from the year with more energy than ever***. As I mentioned we made meaningful progress on the website, City Target is an operational and financial success, ***Canada is on track***, and we're on the verge of closing the sale of our credit card receivables.

36. On March 20, 2013, Target filed its Annual Report for the year ending December 31, 2012, on Form 10-K with the SEC, which set forth information substantially similar to that included in the Company's February 27, 2013 press release.

37. The Company's March 20, 2013 Form 10-K included a certification signed by CEO Steinhafel, incorporated therein as Exhibit 31(A), which stated:

> I, Gregg W. Steinhafel, certify that:
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> 1. I have reviewed this Annual Report on Form 10-K of Target Corporation;
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> 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:

    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

The Company's March 20, 2013 Form 10-K further included a substantially similar certification signed by CFO Mulligan as Exhibit 31(B).

38. On March 28, 2013, Company representatives participated in the CIBC Retail & Consumer Conference. During the conference, and with respect to the Company's Canadian expansion, CFO Mulligan stated the following in part:

> How about Canada? Going into the year last year, we talked about four key items we needed to achieve. ***We needed to build out of the supply chain; build the technology; build the team; and then begin to remodel stores***, primarily the ones that we're opening right now. ***We achieved all four of those objectives***, and did so with a great deal of financial discipline. ***And the team did a fantastic job***. ***We were right where we want to be right now***, and did so with $0.48 of dilution versus our goal of $0.50.

39. On May 22, 2013, prior to the trading session, Target issued a press release announcing the Company's results from operations for the first quarter of 2013.

As part of these results, Target reported first quarter net earnings of $498 million, or EPS of $0.77. Target also offered guidance for full-year 2013 EPS of between $4.12 and $4.32.

40. Further, for the Company's Canadian Segment, Target reported an EBIT loss of $205 million, noting that the Company opened its first 24 Canadian stores in March 2013 and had operated at a gross margin rate of 38.4 percent.

41. In connection with this press release, CEO Steinhafel stated in part:

> Target's first quarter earnings were below expectations as a result of softer-than-expected sales, particularly in apparel and other seasonal and weather-sensitive categories. While we are disappointed in our first quarter performance, ***we remain confident in our strategy***, ***and we continue to invest in initiatives, including Canada***, our digital channels and CityTarget, ***that will drive Target's long-term growth***.

42. That same day, Target hosted a conference call for analysts and investors to discuss these results. During the call, CEO Steinhafel stated, as part of his prepared remarks:

> After two years of preparation, in March we opened our first 24 Canadian stores in the greater Toronto area and we're very pleased with the reception we received from our new Canadian guests.
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> * * *
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> Two weeks ago we opened our second wave of 24 Canadian stores in British Columbia, Alberta and Manitoba and ***we're very pleased with the initial guest response in these markets and the ability of our teams and systems to accommodate the increasing volume of traffic and sales***.

Later during the call, CFO Mulligan, as part of his prepared remarks, stated

> In Canada, ***second-quarter sales will ramp up meaningfully from the first-quarter*** pace, yet startup expenses will continue to dominate the P&L. As a result, for the quarter we anticipate expenses from our Canadian operations, including interest expense measured outside the segment, will create $0.16

> of dilution to our earnings per share. ***We continue to expect Canadian dilution will come down further in the third quarter and by the fourth quarter we expect our Canadian operations will be slightly accretive to our consolidated earnings***.

43. On May 30, 2013, Target filed its quarterly report for the first quarter of 2013 on Form 10-Q with the SEC, which set forth information substantially similar to that included in the Company's May 22, 2013 press release. The Company's May 30, 2013 Form 10-Q also included certifications signed by CEO Steinhafel and CFO Mulligan as Exhibits 31(A) and 31(B) substantially similar to those described in paragraph 37.

44. On August 21, 2013, prior to the trading session, Target issued a press release announcing the Company's results from operations for the second quarter of 2013. As part of these results, Target reported first quarter net earnings of $611 million, or EPS of $0.95, and offered guidance that full-year EPS for 2013 was expected to be "near the low end" of a range between approximately $3.75 and $3.95. Further, for the Company's Canadian Segment, Target reported EBIT of –$169 million for the second quarter, and realized a gross margin rate of 31.6 percent.

45. In connection with this press release, CEO Steinhafel stated in part:

> Target's second quarter financial results ***benefited from disciplined execution of our strategy*** and strong expense control, offsetting softer-than-expected sales. For the balance of this year, our U.S. outlook envisions continued cautious spending by consumers in the face of ongoing household budget pressures. In Canada, where we are only five months into our market launch, ***we continue to learn, adjust and refine operations in our existing stores as we prepare to open another 56 stores by year-end***.

46. That same day, Target hosted a conference call for analysts and investors to discuss these results. During the call, CEO Steinhafel stated, as part of his prepared remarks:

> Launching our Canadian segment ***has required a massive effort from teams throughout the Company, including building a completely new supply chain infrastructure and integrated technology solution***, completely reconstructing former Zellers locations transforming them into brand new Target stores, hiring and training more than 15,000 Canadian team members, and creating unique merchandise strategies and assortments to fit the preferences of our Canadian guests, including a very strong presence in our home and apparel categories.
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> ***The team***['\]***s execution on these efforts has been excellent***. As a result, our Canadian stores have seen strong initial traffic and the mix of our sales in home and apparel has been even higher than expected.
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> ***Our expectations are informed by our experience in launching the PFresh remodel program and City Target format, as well as our historical experience entering new markets in the US***. In many of these markets ***we saw [a] similar pattern*** in which sales momentum was slower than expected at the launch, but grew rapidly in the first several years after opening, resulting in achievement of our fifth year sales goals.

Later, CFO Mulligan stated, in part, as part of his prepared remarks:

> In our Canadian segment, sales accelerated from the first quarter as we continued to open stores at a robust pace. However, ***we've seen a slower than expected ramp up in sales following the grand opening rush***, particularly in our frequency categories
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> ***In Canada, the team continues to refine operations in the stores already opened, ensuring that inventory and expenses match the current pace of sales in each individual store.*** . . . This has raised our dilution expectations for this segment through the end of the year.
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> * * *

> ***Even with our more tempered sales expectation we believe full-year adjusted EPS will remain in the $4.70 to $4.90 range we provided previously, although our expectation has moved to the low end of that range. We expect full-year GAAP EPS will be approximately $0.95 lower than adjusted EPS*** reflecting $0.82 of dilution from the Canadian segment combined with a net $0.13 of dilution from the credit card portfolio sale and associated debt repurchase.

Then, during the question-and-answer portion of the conference call, CEO Steinhafel engaged in the following exchange:

> [ANALYST]: A quick follow up on Canada and then a couple on the US business, as well. ***Could you talk to the inventory overhang in Canada***, the clearance that you spoke to, is that primarily also on frequency items, or is that more a discretionary product?
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> STEINHAFEL: ***The inventory overhang is a function of the shortfall primarily in some of the seasonal categories***.
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> But ***it's the same kind of fine tuning that we go through every time we open a new store here in the United States, and they have experienced for years and years***. . . . ***[I]t's no different than what we've experienced [in the U.S.].***

47. In response to these disappointing results, Target's stock price declined by $2.45 per share, or 3.61 percent, to close at $65.50 per share that day.

48. On August 28, 2013, Target filed its quarterly report for the second quarter of 2013 on Form 10-Q with the SEC, which set forth information substantially similar to that included in the Company's August 21, 2013 press release. The Company's August 28, 2013 Form 10-Q also included certifications signed by CEO Steinhafel and CFO Mulligan as Exhibits 31(A) and 31(B) substantially similar to those described in paragraph 37.

49. On November 21, 2013, prior to the trading session, Target issued a press release announcing the Company's results from operations for the third quarter of 2013. As part of these results, Target reported first quarter net earnings of $341 million, or EPS of $0.54, and offered guidance for full-year 2013 EPS of approximately $3.52.

50. Further, for the Company's Canadian Segment, Target reported an EBIT loss of $238 million, noting that the Canadian Segment had realized a gross margin rate of only 14.8 percent, driven by efforts to "clear excess inventory."

51. In connection with this press release, CEO Steinhafel stated in part:

> Target's third quarter financial results reflect continued strong execution in our U.S. Segment in an environment where consumer spending remains constrained. As our focus shifts to the fourth quarter, we are intently focused on delivering outstanding merchandise, an easy, fun shopping experience and an unbeatable combination of everyday low prices, weekly ad discounts, 5% REDcard Rewards and price match policies throughout the U.S. and Canada. And, in our Canadian Segment, we are also focused on improving performance as we transition from opening to operating our 124 stores.

52. That same day, Target hosted a conference call for analysts and investors to discuss these results. During the call, CEO Steinhafel stated, as part of his prepared remarks:

> The Target Canada team is energized and prepared for the holiday season, and preparing to enter 2014 with ***improved in-stocks and a much better inventory position***. We continue to see a very strong mix of our higher margin home and apparel categories in Canada. However, third quarter ***gross margin rate in Canada was unusually low as the team worked diligently to eliminate excess inventory and enhance flow throughout the supply chain***. This activity led to heavier third quarter mark-downs and higher than expected dilution of $0.29 in our Canadian segment. ***Process improvement efforts and inventory clean-up will continue in the fourth quarter as well***.

Later, CFO Mulligan stated, in part, as part of his prepared remarks:

> In our Canadian segment, we opened another 23 stores in the third quarter, even as ***we continue to work to refine operations and improve performance***. In the quarter, ***the team made a lot of progress in their efforts to begin to rationalize our inventory position***, update item counts in stores and distribution centers, and improve network flow.
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> * * *
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> However, we do expect pressure on Canadian segment gross margin to persist in the fourth quarter as we continue to do whatever it takes to enter 2014 with improved operations and a notably better inventory position.

Then, during the question-and-answer portion of the conference call, CEO Steinhafel engaged in the following exchange:

> [ANALYST]: I think you talked about the gross margin being impacted by some inventory issues in Canada late in the quarter. Can you just give us a little bit more color there on what happened there?
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> And then maybe also outline where are some of the pockets of excess inventory that you are looking to move through?
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> MULLIGAN: . . . Your inventory question—we talked a lot last time about, given the ***sales shortfall and the fact that we planned inventories to protect on the upside***; given all the excitement, ***there's a pretty large inventory overhang***.
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> * * *
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> And then we are also assessing ***what of the inventory do we think we're going to sell ultimately below cost or end up salvaging*** because there's just flat out too much of it.

53. In response to these disappointing results, Target's stock price declined by $2.30 per share, or 3.46 percent, to close at $64.19 per share that day on elevated trading volume.

54. On November 27, 2013, Target filed its quarterly report for the third quarter of 2013 on Form 10-Q with the SEC, which set forth information substantially similar to that included in the Company's November 21, 2013 press release. The Company's November 27, 2013 Form 10-Q also included certifications signed by CEO Steinhafel and CFO Mulligan as Exhibits 31(A) and 31(B) substantially similar to those described in paragraph 37.

55. On February 26, 2014, prior to the trading session, Target issued a press release announcing the Company's results of operations for the fourth quarter and full year of 2013. As part of its results, Target reported fourth quarter net earnings of \$520 million, or EPS of \$0.81, and full-year net earnings of \$1.97 billion, or EPS of \$3.07.

56. Additionally, Target reported certain results for its Canadian Segment, including fourth quarter and full-year 2012 EBIT losses of \$329 million and \$941 million, respectively, noting a fourth quarter gross margin rate of 4.4 percent due to continued efforts to clear excess inventory.

57. In connection with this press release, CEO Steinhafel stated in part:

> For more than 50 years Target has succeeded by focusing on our guests. During the first half of the fourth quarter, our guest-focused holiday merchandising and marketing plans drove better-than-expected sales. However, results softened meaningfully following our December announcement of a data breach. As we plan for the new fiscal year, we will continue to work tirelessly to win back the confidence of our guests and deliver irresistible merchandise and offers, and we are encouraged that sales trends have improved in recent weeks.

58. That same day, Target hosted a conference call for analysts and investors to discuss these results. During the call, CEO Steinhafel stated, as part of his prepared remarks:

> In Canada, we worked diligently to leverage holiday traffic ***in an effort to clear excess inventory***. Markdowns resulting from this effort drove ***a very low gross margin rate***, but allowed us to reduce average inventory per store in Canada by approximately 30% between the beginning and end of the fourth quarter.
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> * * *
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> In Canada, ***the team has moved from a year focused on opening a record number of stores to optimizing the business*** in run state. As we enter 2014 with a much cleaner inventory position, ***the team's number 1 operational focus is on in stocks, ensuring we have the right quantity of each item in the right place at the right time***. In addition, ***we continue to invest in technology and training*** to enhance both the tools our team uses and their ability to deploy them most effectively.

Later, CFO Mulligan stated, in part, as part of his prepared remarks:

> In Canada in 2013, we generated just over $1.3 billion in sales on 124 stores which were open on average for a little more than half the year. These sales were ***well below our plan going into the year, leading to greater than expected markdowns on a meaningful amount of excess inventory***.
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> And having ***dramatically reduced the congestion in our Canadian supply chain***, we will increase the intensity of our marketing message in 2014 regarding value and assortment in our frequency categories. Over time, we expect this will lead our Canadian guests to choose Target more often in these categories, driving meaningful increases in traffic and sales.

Then, during the question-and-answer portion of the conference call, CEO Steinhafel engaged in the following exchange:

> [ANALYST]: I've got two questions, and the first relates to inventory. I know you cleared a lot of inventory in Canada.

> Your year-on-year numbers still across the corporation or across the enterprise is still up quite substantially relative to sales. If you could comment on sort of the composition of that inventory and your thought process for its impact on margin going forward?
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> STEINHAFEL: Sure, inventory up about 10% year-over-year, and you could roughly think about that split about equally between Canada and the US. Canada obviously, we're just in a different place than we were a year ago. We built inventories all year as we opened stores.
>
> I would tell you ***in Canada we feel much, much better***. We feel very good about the progress we made in the fourth quarter clearing excess inventory. The average inventory per store in Canada from the beginning of the quarter to the end of the quarter went down about 30%, so ***we still have some lingering issues in [the first quarter] with some long receipts but feel very good about the inventory there***.

59. On March 14, 2014, Target filed its Annual Report for the year ending December 31, 2013, on Form 10-K with the SEC, which set forth information substantially similar to that included in the Company's February 26, 2014 press release. The Company's March 14, 2014 Form 10-K also included certifications signed by CEO Steinhafel and CFO Mulligan as Exhibits 31(A) and 31(B) substantially similar to those described in paragraph 37.

60. On May 5, 2014, the Board issued a statement announcing that Defendant Steinhafel had resigned from his roles as CEO, President, and Director of the Company effective immediately.

> Today we are announcing that, after extensive discussions, the board and Gregg Steinhafel have decided that now is the right time for new leadership at Target. Effective immediately, [CEO Steinhafel] will step down from his positions as Chairman of the Target board of directors, president and CEO. John Mulligan, Target's chief financial officer, has been appointed as interim president and chief executive officer. Roxanne S. Austin, a current member of Target's board of directors, has been appointed as interim non-executive chair of the board. Both will serve in their roles until permanent

> replacements are named. We have asked Gregg Steinhafel to serve in an advisory capacity during this transition and he has graciously agreed.

61. On this news, Target's stock price fell $2.14 per share, or 3.45 percent, to close at $59.87 per share that day.

62. Analysts offered commentary regarding the Company's determination that a leadership change was in Target's best interests, noting that the Company's ongoing difficulties with its Canada segment were a key factor in CEO Steinhafel's departure. For example, one analyst from BMO Capital Markets stated that "Mr. Steinhafel's departure comes on the heels of several challenges the company had recently faced, namely 1) ***stumbling out of the blocks in Canada*** . . . ." Indeed, Steinhafel's departure letter cited "a slow start in Canada" as one of the low-points in his career with the Company.

63. News media also reported on the leadership change, including noting that Target's poor performance in Canada was a catalyst for the move. For example, the *Wall Street Journal* published an article characterizing CEO Steinhafel's "foray into Canada [as] ***dogged by losses and cost overruns***."

64. Soon thereafter, on May 20, 2014, Target announced the termination of Tom Fisher as president of Target Canada. In connection with the change, interim CEO Mulligan stated in part:

> One of our key priorities is improving performance in Canada more rapidly and we believe it is important to be aggressive. We have a committed team who is focused on delivering an outstanding shopping experience to our Canadian guests and getting our performance on track.

65. Contrary to Target's earlier assertions that the Company's weak performance in Canada was the result of expansion and growth difficulties that were within the normal range of experience with the Company's U.S. stores, analysts noted that many of Target's problems were avoidable, with one analyst noting "***These aren't problems you run into two days before your launch***." In a separate report published by the New York Times, a different analyst called the result "a shocking, shocking level of misstep."

66. In reaction to Target's disclosures on May 20, 2014, Target's stock price fell $1.68 per share, or 2.88 percent, to close at $56.61 per share that day.

67. The poor performance of Target's Canadian operations and that of the Company overall set forth in paragraphs 40-41, 44, 46, 50, 52, 56 and 58 above, were caused by problems at Target, including with its management, related to persistent problems with the Company's Canadian supply chain, information technology, and related systems which presented undisclosed risks and operational hurdles.

68. Defendants' false and misleading statements and omissions during the Class Period caused Target's common stock to trade at artificially inflated prices during the Class Period. However, as the nature of Target's business, including its Canadian operations described above, were revealed to the market, the market price for Target common stock fell from its Class Period-high closing price of $73.32 per share on July 24, 2013, a loss of billions of dollars in market capitalization.

69. The true facts, which were known to, or recklessly disregarded by, Defendants and concealed from purchasers of Target's common stock and the investing public during the Class Period, were as follows:

(a) at the time of the opening of its first group of stores in Canada, Target had significant problems with its supply chain infrastructure, distribution centers, and technology systems, as well as inadequately trained employees, problems that persisted throughout the Class Period;

(b) these problems caused significant, pervasive issues, including excess inventory at distribution centers and inadequate inventory at retail locations;

(c) this excess inventory at distribution centers and lack of inventory at retail locations forced Target to heavily discount products, incurring heavy losses;

(d) these supply-chain and personnel problems were not typical of newly launched locations in Target's traditional U.S.-based market;

(e) as a result, Defendants' statements about the Company, its financial condition, and the outlook for its business, including statements about Target Canada, lacked a reasonable basis when made.

Post–Class Period Developments

70. On July 31, 2014, Target announced that it had named Brian Cornell to serve as the Company's CEO and Chairman effective as of August 12, 2014.

71. On January 15, 2015, the Company issued a press release announcing that it planned to discontinue its Canadian operations and that Target Canada Co. had filed for insolvency protection under the laws of Canada. The press release stated in part:

> Today [Target] announces that it plans to discontinue operating stores in Canada through its indirect wholly-owned subsidiary, Target Canada Co. ("Target Canada"). As a part of that process, this morning Target Canada filed an application for protection under the Companies' Creditors Arrangement Act (the "CCAA") with the Ontario Superior Court of Justice (Commercial List) in Toronto (the "Court").
>
> "When I joined Target, I promised our team and shareholders that I would take a hard look at our business and operations in an effort to improve our performance and transform our company. ***After a thorough review of our Canadian performance and careful consideration of the implications of all options, we were unable to find a realistic scenario that would get Target Canada to profitability until at least 2021***. Personally, this was a very difficult decision, but it was the right decision for our company. With the full support of Target Corporation's Board of Directors, ***we have determined that it is in the best interest of our business and our shareholders to exit the Canadian market*** and focus on driving growth and building further momentum in our U.S. business," said Brian Cornell, Target Corporation Chairman and CEO.
>
> * * *
>
> Target Corporation expects to report approximately ***$5.4 billion of pre-tax losses on discontinued operations*** in the fourth quarter of 2014, driven primarily by the write-down of the Corporation's investment in Target Canada, along with costs associated with exit or disposal activities and quarter-to-date Canadian Segment operating losses prior to today's filing. Target Corporation expects to report approximately $275 million of pre-tax losses on discontinued operations in fiscal 2015.

SCIENTER

72. During the Class Period, Defendants had both the motive and opportunity to commit fraud. They also had actual knowledge of the misleading nature of the statements they made or acted with reckless disregard for the true information known to them at the time for the reasons discussed above. In so doing, Defendants committed acts, and practiced and participated in a course of business that operated as a fraud or deceit on purchasers of Target common stock during the Class Period.

LOSS CAUSATION/ECONOMIC LOSS

73. During the Class Period, as detailed herein, Defendants made false and misleading statements that artificially inflated the price of Target common stock, and operated as fraud or deceit on Class Period purchasers of Target common stock by misrepresenting the recent and ongoing decline in the Company's financial performance, and business prospects. Later, when Defendants' prior misrepresentations and fraudulent conduct became apparent to the market, the price of Target common stock fell as the prior artificial inflation came out of the price. As a result of their purchases of Target common stock during the Class Period, Plaintiff and other members of the Class suffered economic loss, *i.e.*, damages, under the federal securities laws.

NO SAFE HARBOR

74. Target's verbal "Safe Harbor" warnings that accompanied its oral forward-looking statements ("FLS") issued during the Class Period were ineffective to shield those statements from liability.

75. Defendants are also liable for any false FLS pleaded because, at the time each FLS was made, the speaker knew the FLS was false, and the FLS was authorized and/or approved by an executive officer of Target who knew that the FLS was false. None of the historic or present-tense statements made by Defendants were assumptions underlying or relating to any plan, projection, or statement of future economic performance, as they were not stated to be such assumptions underlying or relating to any projection or statement of future economic performance when made, nor were any of the

projections or forecasts made by Defendants expressly related to, or stated to be dependent on, those historic or present tense statements when made.

APPLICABILITY OF PRESUMPTION OF
RELIANCE: FRAUD ON THE MARKET

76. Plaintiff will rely upon the presumption of reliance established by the fraud-on-the-market doctrine in that, among other things:

(a) Defendants made public misrepresentations or failed to disclose material facts during the Class Period;

(b) the omissions and misrepresentations were material;

(c) the Company's stock traded in an efficient market;

(d) the misrepresentations alleged would tend to induce a reasonable investor to misjudge the value of the Company's common stock; and

(e) Plaintiff and other members of the Class purchased Target common stock between the time Defendants misrepresented or failed to disclose material facts and the time the true facts were disclosed, without knowledge of the misrepresented or omitted facts.

77. At all relevant times, the markets for Target stock were efficient for the following reasons, among others:

(a) as a regulated issuer, Target filed periodic public reports with the SEC;

(b) Target regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the major news wire services and through other wide-ranging public disclosures, such as communications with the financial press, securities analysts, and other similar reporting services; and

(c) Target common stock was actively traded in an efficient market, namely the NYSE, under the symbol "TGT."

78. Further, to the extent that Defendants concealed or improperly failed to disclose material facts with regard to the Company and its operations, Plaintiff is entitled to a presumption of reliance in accordance with *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972).

CLASS ACTION ALLEGATIONS

79. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure ("Rule 23") on behalf of the Class. Excluded from the Class are Defendants, directors, and officers of Target, and their families and affiliates.

80. The members of the Class are so numerous that joinder of all members is impracticable. The disposition of their claims in a class action will provide substantial benefits to the parties and the Court. As of November 19, 2015, Target had 616,051,610 shares of common stock outstanding, owned by thousands of investors.

81. There is a well-defined community of interest in the questions of law and fact involved in this case. Questions of law and fact common to the members of the Class that predominate over questions that may affect individual Class members include:

(a) whether Defendants violated the Exchange Act;

(b) whether Defendants omitted and/or misrepresented material facts;

(c) whether Defendants' statements omitted material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(d) whether Defendants knew or recklessly disregarded that their statements were false and misleading;

(e) whether the price of Target common stock was artificially inflated; and

(f) the extent of damage sustained by Class members and the appropriate measure of damages.

82. Plaintiff's claims are typical of those of the Class because Plaintiff and the Class sustained damages from Defendants' wrongful conduct.

83. Plaintiff will adequately protect the interests of the Class and has retained counsel who are experienced in class action securities litigation. Plaintiff has no interests that conflict with those of the Class.

84. A class action is superior to other available methods for the fair and efficient adjudication of this controversy.

COUNT I

For Violation of § 10(b) of the Exchange Act
and Rule 10b-5 Against All Defendants

85. Plaintiff incorporates paragraphs 1 through 84 by reference.

86. During the Class Period, Defendants disseminated or approved the false statements specified above, which they knew or recklessly disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

87. Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 in that they:

(a) employed devices, schemes, and artifices to defraud;

(b) made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or

(c) engaged in acts, practices, and a course of business that operated as fraud or deceit upon Plaintiff and others similarly situated in connection with their purchases of Target common stock during the Class Period.

88. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially-inflated prices for Target common stock. Plaintiff and the Class would not have purchased Target common stock at the prices they paid, or at all, had they been aware that the market prices were artificially and falsely inflated by Defendants' misleading statements.

89. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their purchases of Target common stock during the Class Period.

COUNT II

For Violation of § 20(a) of the Exchange Act
Against the Individual Defendants

90. Plaintiff incorporates paragraphs 1 through 89 by reference.

91. The Individual Defendants acted as controlling persons of Target within the meaning of Section 20(a) of the Exchange Act. By virtue of their positions and their power to control public statements about Target, the Individual Defendants had the power and ability to control the actions of Target and its employees.

92. By reason of such conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment as follows:

A. Declaring this action to be a proper class action pursuant to Rule 23;

B. Awarding Plaintiff and the members of the Class damages and interest;

C. Awarding Plaintiff's reasonable costs, including attorneys' fees; and

D. Awarding such equitable/injunctive or other relief as the Court may deem just and proper.

JURY DEMAND

Plaintiff demands a trial by jury.