THE FOLLOWING IS EXHIBIT "M" REFERRED TO IN THE AFFIDAVIT OF MARK J. WONG SWORN JANUARY 14, 2015

Commissioner for Taking Affidavits

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended November 1, 2014

Commission File Number 1-6049

TARGET®

TARGET CORPORATION

(Exact name of registrant as specified in its charter)

Minnesota	**41-0215170**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1000 Nicollet Mall, Minneapolis, Minnesota	**55403**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 612/304-6073

Former name, former address and former fiscal year, if changed since last report: N/A

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Rule 12b-2 of the Act).

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller Reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of registrant's classes of common stock, as of the latest practicable date. Total shares of common stock, par value $0.0833, outstanding at November 21, 2014 were 636,964,385.

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TARGET CORPORATION

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Consolidated Statements of Operations

	Three Months Ended		Nine Months Ended	
(millions, except per share data) (unaudited)	**November 1, 2014**	November 2, 2013	**November 1, 2014**	November 2, 2013
Sales	**$ 17,732**	$ 17,258	**$ 52,188**	$ 51,081
Cost of sales	**12,555**	12,133	**36,787**	35,441
Selling, general and administrative expenses	**3,894**	3,853	**11,303**	11,140
Depreciation and amortization	**606**	569	**1,791**	1,648
Gain on receivables transaction	**—**	—	**—**	(391)
Earnings before interest expense and income taxes	**677**	703	**2,307**	3,243
Net interest expense	**165**	165	**788**	965
Earnings before income taxes	**512**	538	**1,519**	2,278
Provision for income taxes	**160**	197	**515**	827
Net earnings	**$ 352**	$ 341	**$ 1,004**	$ 1,451
Basic earnings per share	**$ 0.55**	$ 0.54	**$ 1.58**	$ 2.28
Diluted earnings per share	**$ 0.55**	$ 0.54	**$ 1.57**	$ 2.26
Weighted average common shares outstanding				
Basic	**634.0**	631.3	**633.6**	636.0
Dilutive impact of share-based awards	**5.6**	6.1	**5.1**	7.0
Diluted	**639.6**	637.4	**638.7**	643.0
Antidilutive shares	**2.3**	2.4	**4.2**	2.3

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

(millions) (unaudited)	Three Months Ended November 1, 2014	Three Months Ended November 2, 2013	Nine Months Ended November 1, 2014	Nine Months Ended November 2, 2013
Net earnings	**$ 352**	$ 341	**$ 1,004**	$ 1,451
Other comprehensive income/(loss), net of tax				
Pension and other benefit liabilities, net of taxes of $4, $8, $12 and $42	**7**	12	**21**	64
Currency translation adjustment and cash flow hedges, net of taxes of $1, $0, $2 and $7	**(138)**	(12)	**(53)**	(141)
Other comprehensive income/(loss)	**(131)**	—	**(32)**	(77)
Comprehensive income	**$ 221**	$ 341	**$ 972**	$ 1,374

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Financial Position

(millions)		November 1, 2014		February 1, 2014		November 2, 2013
Assets		**(unaudited)**				(unaudited)
Cash and cash equivalents	$	**780**	$	695	$	706
Inventory		**11,066**		8,766		10,376
Other current assets		**1,992**		2,112		2,071
Total current assets		**13,838**		11,573		13,153
Property and equipment						
Land		**6,202**		6,234		6,241
Buildings and improvements		**30,906**		30,356		30,257
Fixtures and equipment		**5,664**		5,583		5,535
Computer hardware and software		**2,847**		2,764		2,644
Construction-in-progress		**454**		843		958
Accumulated depreciation		**(15,187)**		(14,402)		(13,909)
Property and equipment, net		**30,886**		31,378		31,726
Other noncurrent assets		**1,737**		1,602		1,494
Total assets	$	**46,461**	$	44,553	$	46,373
Liabilities and shareholders' investment						
Accounts payable	$	**9,229**	$	7,683	$	8,806
Accrued and other current liabilities		**3,801**		3,934		3,623
Current portion of long-term debt and other borrowings		**495**		1,160		2,122
Total current liabilities		**13,525**		12,777		14,551
Long-term debt and other borrowings		**13,809**		12,622		12,665
Deferred income taxes		**1,279**		1,433		1,466
Other noncurrent liabilities		**1,475**		1,490		1,535
Total noncurrent liabilities		**16,563**		15,545		15,666
Shareholders' investment						
Common stock		**53**		53		53
Additional paid-in capital		**4,612**		4,470		4,403
Retained earnings		**12,631**		12,599		12,353
Accumulated other comprehensive loss						
Pension and other benefit liabilities		**(401)**		(422)		(468)
Currency translation adjustment and cash flow hedges		**(522)**		(469)		(185)
Total shareholders' investment		**16,373**		16,231		16,156
Total liabilities and shareholders' investment	$	**46,461**	$	44,553	$	46,373

Common Stock Authorized 6,000,000,000 shares, $.0833 par value; 634,378,337, 632,930,740 and 631,759,510 shares issued and outstanding at November 1, 2014, February 1, 2014 and November 2, 2013, respectively.

Preferred Stock Authorized 5,000,000 shares, $.01 par value; no shares were issued or outstanding at November 1, 2014, February 1, 2014 or November 2, 2013.

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

(millions) (unaudited)	Nine Months Ended November 1, 2014	Nine Months Ended November 2, 2013
Operating activities		
Net earnings	**$ 1,004**	$ 1,451
Adjustments to reconcile net earnings to cash provided by operations:		
Depreciation and amortization	**1,791**	1,648
Share-based compensation expense	**64**	81
Deferred income taxes	**(426)**	—
Bad debt expense[(a)]	**—**	41
Gain on receivables transaction	**—**	(391)
Loss on debt extinguishment	**285**	445
Noncash (gains)/losses and other, net	**—**	3
Changes in operating accounts:		
Accounts receivable originated at Target	**—**	157
Proceeds on sale of accounts receivable originated at Target	**—**	2,703
Inventory	**(2,307)**	(2,461)
Other current assets	**236**	(210)
Other noncurrent assets	**(8)**	32
Accounts payable	**1,538**	1,744
Accrued and other current liabilities	**(170)**	(463)
Other noncurrent liabilities	**43**	(27)
Cash provided by operations	**2,050**	4,753
Investing activities		
Expenditures for property and equipment	**(1,570)**	(2,839)
Proceeds from disposal of property and equipment	**84**	73
Change in accounts receivable originated at third parties	**—**	121
Proceeds from sale of accounts receivable originated at third parties	**—**	3,002
Cash paid for acquisitions, net of cash assumed	**(18)**	(157)
Other investments	**88**	111
Cash (required for)/provided by investing activities	**(1,416)**	311
Financing activities		
Change in commercial paper, net	**305**	107
Additions to long-term debt	**1,993**	—
Reductions of long-term debt	**(2,062)**	(3,453)
Dividends paid	**(874)**	(734)
Repurchase of stock	**—**	(1,461)
Stock option exercises and related tax benefit	**88**	395
Cash (required for) financing activities	**(550)**	(5,146)
Effect of exchange rate changes on cash and cash equivalents	**1**	4
Net increase/(decrease) in cash and cash equivalents	**85**	(78)
Cash and cash equivalents at beginning of period	**695**	784
Cash and cash equivalents at end of period	**$ 780**	$ 706

[(a)] Includes net write-offs of credit card receivables prior to the sale of receivables on March 13, 2013.

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Shareholders' Investment

(millions, except per share data)	Common Stock Shares	Stock Par Value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total
February 2, 2013	645.3	$ 54	$ 3,925	$ 13,155	$ (576)	$ 16,558
Net earnings	—	—	—	1,971	—	1,971
Other comprehensive income	—	—	—	—	(315)	(315)
Dividends declared	—	—	—	(1,051)	—	(1,051)
Repurchase of stock	(21.9)	(2)	—	(1,476)	—	(1,478)
Stock options and awards	9.5	1	545	—	—	546
February 1, 2014	632.9	$ 53	$ 4,470	$ 12,599	$ (891)	$ 16,231
(unaudited)						
Net earnings	—	—	—	**1,004**	—	**1,004**
Other comprehensive income	—	—	—	—	**(32)**	**(32)**
Dividends declared	—	—	—	**(937)**	—	**(937)**
Repurchase of stock	**(0.6)**	—	—	**(35)**	—	**(35)**
Stock options and awards	**2.1**	—	**142**	—	—	**142**
November 1, 2014	**634.4**	**$ 53**	**$ 4,612**	**$ 12,631**	**$ (923)**	**$ 16,373**

We declared $1.47 and $1.22 per share dividends for the nine months ended November 1, 2014 and November 2, 2013, respectively, and $1.65 for the fiscal year ended February 1, 2014.

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements (unaudited)

1. Accounting Policies

These financial statements should be read in conjunction with the financial statement disclosures in our 2013 Form 10-K. We use the same accounting policies in preparing quarterly and annual financial statements. All adjustments necessary for a fair presentation of quarterly operating results are reflected herein and are of a normal, recurring nature.

Due to the seasonal nature of our business, quarterly revenues, expenses, earnings and cash flows are not necessarily indicative of the results that may be expected for the full year.

2. Fair Value Measurements

Fair value measurements are reported in one of three levels based on the lowest level of significant input used: Level 1 (unadjusted quoted prices in active markets); Level 2 (observable market inputs, other than quoted prices included in Level 1); and Level 3 (unobservable inputs that cannot be corroborated by observable market data).

Fair Value Measurements - Recurring Basis (millions)	Pricing Category	Fair Value at **November 1, 2014**	February 1, 2014	November 2, 2013
Assets				
Cash and cash equivalents				
Short-term investments	Level 1	$ **7**	$ 3	$ 3
Other current assets				
Interest rate swaps[a]	Level 2	**—**	1	2
Prepaid forward contracts	Level 1	**42**	73	72
Beneficial interest asset[b]	Level 3	**50**	71	76
Other noncurrent assets				
Interest rate swaps[a]	Level 2	**51**	62	68
Company-owned life insurance investments[c]	Level 2	**322**	305	302
Beneficial interest asset[b]	Level 3	**37**	56	67
Liabilities				
Other noncurrent liabilities				
Interest rate swaps[a]	Level 2	**28**	39	43

[a] See Note 8 for additional information on interest rate swaps.
[b] Note 3 includes a rollforward of the Level 3 beneficial interest asset. A one percentage point change in the forecasted credit EBIT yield would impact our fair value estimate by approximately $12 million. A one percentage point change in the forecasted discount rate would impact our fair value estimate by approximately $3 million.
[c] Company-owned life insurance investments consist of equity index funds and fixed income assets. Amounts are presented net of nonrecourse loans that are secured by some of these policies. These loan amounts totaled $780 million at November 1, 2014, $790 million at February 1, 2014 and $794 million at November 2, 2013.

Significant Financial Instruments not Measured at Fair Value [a] (millions)	**November 1, 2014** Carrying Amount	Fair Value	February 1, 2014 Carrying Amount	Fair Value	November 2, 2013 Carrying Amount	Fair Value
Debt [b]	**$ 12,332**	**$ 13,779**	$ 11,758	$ 13,184	$ 12,754	$ 14,155

[a] The carrying amounts of certain other current assets, accounts payable, and certain accrued and other current liabilities approximate fair value due to their short-term nature.
[b] The carrying amount and estimated fair value of debt exclude unamortized swap valuation adjustments and capital lease obligations.

3. Credit Card Receivables Transaction

In March 2013, we sold our entire U.S. consumer credit card portfolio to TD Bank Group (TD) and recognized a gain of $391 million. This transaction was accounted for as a sale, and the receivables are no longer reported in our Consolidated Statements of Financial Position. Consideration received included cash of $5.7 billion, equal to the gross (par) value of the outstanding receivables at the time of closing, and a $225 million beneficial interest asset. Concurrent with the sale, we repaid the nonrecourse debt collateralized by credit card receivables (2006/2007 Series Variable Funding Certificate) at par of $1.5 billion, resulting in net cash proceeds of $4.2 billion.

TD now underwrites, funds and owns Target Credit Card and Target Visa consumer receivables in the U.S. TD controls risk management policies and oversees regulatory compliance, and we perform account servicing and primary marketing functions. We earn a substantial portion of the profits generated by the Target Credit Card and Target Visa portfolios. We classify this profit-sharing income in SG&A expense in the U.S. Segment.

Profit-Sharing Arrangement	Three Months Ended		Nine Months Ended	
(millions)	**November 1, 2014**	November 2, 2013	**November 1, 2014**	November 2, 2013 [a]
Profit-sharing included in U.S. Segment EBIT	**$ 172**	$ 184	**$ 506**	$ 471
Reduction of beneficial interest asset [b]	**(11)**	(36)	**(40)**	(82)
Net impact to SG&A expense	**$ 161**	$ 148	**$ 466**	$ 389

[a] The U.S. Segment also earned credit card revenue prior to the close of the transaction.
[b] On a consolidated basis, profit-sharing income is offset by reductions of the beneficial interest asset.

The $225 million beneficial interest asset effectively represents a receivable for the present value of future profit-sharing we expect to receive on the receivables sold. Profit-sharing payments reduced the beneficial interest asset by $19 million and $58 million during the three and nine months ended November 1, 2014, respectively, and $28 million and $74 million during the three and nine months ended November 2, 2013. Revaluation adjustments increased the asset by $8 million and $18 million during the three and nine months ended November 1, 2014, respectively, and reduced the asset by $8 million during the three and nine months ended November 2, 2013. As of November 1, 2014 and November 2, 2013, a beneficial interest asset of $87 million and $143 million, respectively, remains and is recorded within other current assets and other noncurrent assets in our Consolidated Statements of Financial Position.

4. Notes Payable and Long-Term Debt

We obtain short-term financing from time to time under our commercial paper program, a form of notes payable.

Commercial Paper	Three Months Ended		Nine Months Ended	
(dollars in millions)	**November 1, 2014**	November 2, 2013	**November 1, 2014**	November 2, 2013
Maximum daily amount outstanding during the period	**$ 386**	$ 1,173	**$ 590**	$ 1,465
Average daily amount outstanding during the period	**51**	528	**160**	439
Amount outstanding at period-end	**386**	1,077	**386**	1,077
Weighted average interest rate	**0.12%**	0.13%	**0.11%**	0.14%

In June 2014, we issued $1 billion of unsecured fixed rate debt at 2.3% that matures in June 2019 and $1 billion of unsecured fixed rate debt at 3.5% that matures in July 2024. We used proceeds from these issuances to repurchase $725 million of debt at market value and for general corporate purposes, including the payment of $1 billion of debt maturities. We recognized a loss of $285 million on the early retirement, which was recorded in net interest expense in our Consolidated Statements of Operations.

Concurrent with the sale of our credit card receivables portfolio in March 2013, we repaid $1.5 billion of nonrecourse debt collateralized by credit card receivables (the 2006/2007 Series Variable Funding Certificate). We also used $1.4 billion of proceeds from the transaction to repurchase at market value an additional $970 million of debt during the first quarter of 2013. We recognized a loss on this early retirement of $445 million, which was recorded in net interest expense in our Consolidated Statements of Operations. Refer to Note 3 for more information on our credit card receivables transaction.

5. Property and Equipment

We review long-lived assets for impairment when events or changes in circumstances—such as a decision to close a store or discontinue software projects—indicate that the asset's carrying value may not be recoverable.

Our U.S. Segment recognized impairment losses during each of the periods presented, primarily resulting from discontinued projects, store closures, and completed or planned land sales. As a result of the continued losses in our Canadian Segment, we reviewed our Canadian Segment long-lived assets for impairment during the three months ended November 1, 2014, resulting in a $16 million impairment loss for one store that continues to be operated.

Impairments by Segment [a]	Three Months Ended		Nine Months Ended	
(millions)	**November 1, 2014**	November 2, 2013	**November 1, 2014**	November 2, 2013
U.S.	$ **18**	$ 1	$ **77**	$ 26
Canadian	**—**	—	**2**	—
Total segment impairments	**18**	1	**79**	26
Unallocated impairments [b]	**16**	—	**31**	—
Total impairments	$ **34**	$ 1	$ **110**	$ 26

[a] Substantially all of the impairments are recorded in selling, general and administrative expense on the Consolidated Statements of Income.
[b] For the three months ended November 1, 2014, represents impairment of one Canada operating store. For the nine months ended, this also includes the impairments of undeveloped land in the U.S. Activities giving rise to these impairments were centrally managed by individuals outside of core segment operations and excluded from the measure of segment profitability reviewed by management.

6. Data Breach

In the fourth quarter of 2013, we experienced a data breach in which an intruder stole certain payment card and other guest information from our network (the Data Breach). Based on our investigation to date, we believe that the intruder installed malware on our point-of-sale system in our U.S. stores and stole payment card data from up to approximately 40 million credit and debit card accounts of guests who shopped at our U.S. stores between November 27 and December 17, 2013. In addition, the intruder stole certain guest information, including names, mailing addresses, phone numbers or email addresses, for up to 70 million individuals.

Payment Card Network Loss Contingencies

In the event of a data breach where payment card data is or may have been stolen, the payment card networks' contracts purport to give them the ability to make claims for reimbursement of incremental counterfeit fraud losses and non-ordinary course operating expenses (such as card reissuance costs) that the payment card networks believe they or their issuing banks have incurred as a result of the event. For us to have liability for such claims, we believe that a court would have to find that, among other things, (1) at the time of the Data Breach the portion of our network that handles payment card data was noncompliant with applicable data security standards in a manner that contributed to the Data Breach, and (2) the network operating rules around reimbursement of operating costs and counterfeit fraud losses are enforceable. While an independent third-party assessor found the portion of our network that handles payment card data to be compliant with applicable data security standards in the fall of 2013, the forensic investigator working on behalf of the payment card networks claimed in first quarter 2014 that we were not in compliance with those standards at the time of the Data Breach.

During the third quarter of 2014, three of the four major payment card networks, which between them represent a substantial majority of the payment cards potentially impacted by the Data Breach, made written claims against us, either directly or through our acquiring banks. We believe it is probable that the fourth major payment card network will also make a claim against us. We expect to dispute the claims that have been or may be made against us by the payment card networks, and we think it is probable that our disputes would lead to settlement negotiations consistent with the experience of other entities that suffered similar payment card breaches. We believe such negotiations would effect a combined settlement of the payment card networks' counterfeit fraud loss allegations and their non-ordinary course operating expense allegations. Our accruals for estimated probable loss discussed below include accruals for what we believe to be the vast majority of both actual and potential claims from the payment card networks.

Litigation and Governmental Investigations

In addition, more than 100 actions have been filed in courts in many states, along with one action in Canada, and other claims have been or may be asserted against us on behalf of guests, payment card issuing banks, shareholders or others seeking damages or other related relief allegedly arising out of the Data Breach. State and federal agencies, including State Attorneys General, the Federal Trade Commission and the SEC, are investigating events related to the Data Breach, including how it occurred, its consequences and our responses. Our accruals for estimated probable loss discussed below include accruals for what we believe to be the vast majority of both actual and potential claims from these matters.

Expenses Incurred and Amounts Accrued

Data Breach Balance Sheet Rollforward (millions)	Liabilities	Insurance receivable
Balance at February 1, 2014	$ 61	$ 44
Expenses incurred/insurance receivable recorded [(a)]	**26**	**8**
Payments made/received	**(35)**	**(13)**
Balance at May 3, 2014	**52**	**39**
Expenses incurred/insurance receivable recorded [(a)]	**148**	**38**
Payments made/received	**(19)**	**(7)**
Balance at August 2, 2014	$ **182**	$ **70**
Expenses incurred/insurance receivable recorded [(a)]	**12**	**—**
Payments made/received	**(16)**	**(8)**
Balance at November 1, 2014	$ **178**	$ **62**

[(a)] Includes expenditures and accruals for Data Breach-related costs and expected insurance recoveries as discussed below.

In the third quarter of 2014, we recorded $12 million of pretax Data Breach-related expenses, primarily related to legal and other professional services. These expenses were included in our Consolidated Statements of Operations as Selling, General and Administrative Expenses (SG&A), but were not part of our segment results.

During the nine months ended November 1, 2014, we recorded $186 million of Data Breach-related expenses, partially offset by expected insurance proceeds of $46 million, for net expenses of $140 million. Since the Data Breach, we have incurred $248 million of cumulative expenses, partially offset by expected insurance recoveries of $90 million, for net cumulative expenses of $158 million. Along with legal and other professional services, these expenses include an accrual for estimated probable losses for what we believe to be the vast majority of actual and potential breach related claims, including claims by the payment card networks. Our probable loss estimate is based on the expectation of reaching negotiated settlements, and not on any determination that it is probable we would be found liable for the losses we have accrued were these claims to be litigated. Given the varying stages of claims and related proceedings, and the inherent uncertainty surrounding them, our estimates involve significant judgment and are based on currently available information, historical precedents and an assessment of the validity of certain claims. Our estimates may change as new information becomes available, and although we do not believe it is probable, it is reasonably possible that we may incur a material loss in excess of the amount accrued. We are not able to estimate the amount of such reasonably possible excess loss exposure at this time because many of the matters are in the early stages, alleged damages have not been specified, and there are significant factual and legal issues to be resolved. The accrual does not reflect future breach-related legal, consulting or administrative fees, which are expensed as incurred and not expected to be material to our consolidated financial statements in any individual period.

Insurance Coverage

To limit our exposure to losses relating to data breach and other claims, we maintain $100 million of network-security insurance coverage, above a $10 million deductible and with a $50 million sublimit for settlements with the payment card networks. This coverage, and certain other customary business-insurance coverage, has reduced our exposure related to the Data Breach. We will pursue recoveries to the maximum extent available under the policies. Since the Data Breach, we have received $28 million from our network-security insurance carriers.

7. Income Taxes

Our effective income tax rate was 31.3 percent and 33.9 percent for the three and nine months ended November 1, 2014, respectively, and 36.6 percent and 36.3 percent for the three and nine months ended November 2, 2013. The rate decreased primarily from the favorable resolution of various income tax matters, which reduced tax expense by $30 million and $31 million for the three and nine months ended November 1, 2014, respectively, and $7 million and $11 million for the same periods in the prior year.

At November 1, 2014, we had Canadian deferred tax assets of $686 million, primarily related to net operating loss carryforwards (NOL) of $2,141 million. These NOL carryforwards primarily relate to the start-up operations of our Canadian Segment and expire between 2031 and 2034. After weighing all positive and negative evidence, including the pre-opening and operating losses in our Canadian Segment to date, we believe it is more likely than not that we will realize the full Canadian deferred tax asset.

8. Derivative Financial Instruments

Our derivative instruments primarily consist of interest rate swaps, which we use to mitigate interest rate risk. As a result of our use of derivative instruments, we have counterparty credit risk with large global financial institutions. We monitor this concentration of counterparty credit risk on an ongoing basis. See Note 2 for a description of the fair value measurement of our derivative instruments and their classification on the Consolidated Statements of Financial Position.

In June 2014, we entered into two interest rate swaps, each with a notional amount of $500 million, under which we pay a variable rate and receive a fixed rate. In March 2014, we entered into an interest rate swap with a notional amount of $250 million, under which we pay a variable rate and receive a fixed rate. We designated these swaps as fair value hedges. As of November 2, 2013, one swap was designated as a fair value hedge. No ineffectiveness was recognized during the three or nine months ended November 1, 2014 or November 2, 2013.

Periodic payments, valuation adjustments and amortization of gains or losses on our derivative contracts had the following effect on our Consolidated Statements of Operations:

Derivative Contracts - Effect on Results of Operations (millions)		Three Months Ended		Nine Months Ended	
Type of Contract	Classification of (Income)/Expense	**November 1, 2014**	November 2, 2013	**November 1, 2014**	November 2, 2013
Interest rate swaps	Net interest expense	**$ (9)**	$ (6)	**$ (23)**	$ (21)

The amount remaining on unamortized hedged debt valuation gains from terminated or de-designated interest rate swaps that will be amortized into earnings over the remaining lives of the underlying debt totaled $38 million, $52 million and $59 million, at November 1, 2014, February 1, 2014 and November 2, 2013, respectively.

9. Share Repurchase

We repurchase shares primarily through open market transactions and the noncash settlement of prepaid forward contracts related to nonqualified deferred compensation plans under a $5 billion share repurchase program authorized by our Board of Directors in January 2012. No shares were repurchased through open market transactions during the three and nine months ended November 1, 2014.

Share Repurchases	Three Months Ended		Nine Months Ended	
(millions, except per share data)	**November 1, 2014**	November 2, 2013	**November 1, 2014** [(a)]	November 2, 2013 [(b)]
Total number of shares purchased	—	—	**0.6**	21.9
Average price paid per share	$ —	$ —	**$ 55.36**	$ 67.41

Total investment	**$ —**	$ —	**$ 34**	$ 1,474

(a) All of the shares reacquired were delivered upon the noncash settlement of prepaid forward contracts. These contracts had an original cash investment of $34 million and an aggregate market value at their settlement dates of $34.7 million. These contracts are among the investment vehicles used to reduce our economic exposure related to our nonqualified deferred compensation plans. Note 10 provides the details of our positions in prepaid forward contracts.

[(b)] 0.2 million of the shares repurchased were delivered upon the noncash settlement of prepaid forward contracts. These contracts had an original cash investment of $14 million and an aggregate market value at their settlement dates of $17 million. Note 10 provides the details of our positions in prepaid forward contracts.

10. Pension, Postretirement Health Care and Other Benefits

Pension and Postretirement Health Care Benefits

We provide qualified defined benefit pension plans, unfunded nonqualified pension plans and certain postretirement health care benefits to eligible team members.

Net Pension and Postretirement Health Care Benefits Expense	Pension Benefits				Postretirement Health Care Benefits			
	Three Months Ended		Nine Months Ended		Three Months Ended		Nine Months Ended	
(millions)	**Nov 1, 2014**	Nov 2, 2013	**Nov 1, 2014**	Nov 2, 2013	**Nov 1, 2014**	Nov 2, 2013	**Nov 1, 2014**	Nov 2, 2013
Service cost	**$ 28**	$ 29	**$ 84**	$ 88	**$ 2**	$ 2	**$ 4**	$ 5
Interest cost	**37**	35	**112**	104	**—**	—	**1**	1
Expected return on assets	**(58)**	(59)	**(175)**	(176)	**—**	—	**—**	—
Amortization of losses	**16**	26	**49**	76	**1**	1	**4**	4
Amortization of prior service cost	**(2)**	(3)	**(8)**	(8)	**(4)**	(4)	**(12)**	(12)
Total	**$ 21**	$ 28	**$ 62**	$ 84	**$ (1)**	$ (1)	**$ (3)**	$ (2)

Other Benefits

We offer unfunded nonqualified deferred compensation plans to certain team members. We mitigate some of our risk of these plans through investing in vehicles, including company-owned life insurance and prepaid forward contracts in our own common stock, that offset a substantial portion of our economic exposure to the returns of these plans. These investment vehicles are general corporate assets and are marked to market with the related gains and losses recognized in the Consolidated Statements of Operations in the period they occur.

The total change in fair value for contracts indexed to our own common stock recognized in earnings was pretax income of $1 million and $3 million for the three and nine months ended November 1, 2014, respectively, and pretax losses of $7 million and pretax income of $5 million for the three and nine months ended November 2, 2013, respectively. During the nine months ended November 1, 2014 we made no investments in prepaid forward contracts in our own common stock. During the nine months ended November 2, 2013, we invested $11 million in such investment instruments. Adjusting our position in these investment vehicles may involve repurchasing shares of Target common stock when settling the forward contracts as described in Note 9. The settlement dates of these instruments are regularly renegotiated with the counterparty.

Prepaid Forward Contracts on Target Common Stock (millions, except per share data)	**November 1, 2014**	February 1, 2014	November 2, 2013
Number of Shares	**0.7**	1.3	1.1
Contractual Price Paid per Share	**$ 42.88**	$ 48.81	$ 46.52
Fair Value	**$ 42**	$ 73	$ 72
Total Cash Investment	**$ 29**	$ 63	$ 52

11. Accumulated Other Comprehensive Income

(millions)		Cash Flow Hedges		Currency Translation Adjustment		Pension and Other Benefits		Total
February 2, 2013	$	(29)	$	(15)	$	(532)	$	(576)
Other comprehensive income before reclassifications		—		(30)		28		(2)
Amounts reclassified from AOCI		1 [(a)]		—		12 [(b)]		13
May 4, 2013	$	(28)	$	(45)	$	(492)	$	(565)
Other comprehensive income before reclassifications		—		(101)		—		(101)
Amounts reclassified from AOCI		1 [(a)]		—		12 [(b)]		13
August 3, 2013	$	(27)	$	(146)	$	(480)	$	(653)
Other comprehensive income before reclassifications		—		(13)		—		(13)
Amounts reclassified from AOCI		1 [(a)]		—		12 [(b)]		13
November 2, 2013	$	(26)	$	(159)	$	(468)	$	(653)
February 1, 2014	$	(25)	$	(444)	$	(422)	$	(891)
Other comprehensive income before reclassifications		—		**61**		—		**61**
Amounts reclassified from AOCI		**1** [(a)]		—		**7** [(b)]		**8**
May 3, 2014	**$**	**(24)**	**$**	**(383)**	**$**	**(415)**	**$**	**(822)**
Other comprehensive income before reclassifications		—		**22**		—		**22**
Amounts reclassified from AOCI		**1** [(a)]		—		**7** [(b)]		**8**
August 2, 2014	**$**	**(23)**	**$**	**(361)**	**$**	**(408)**	**$**	**(792)**
Other comprehensive income before reclassifications		—		**(139)**		—		**(139)**
Amounts reclassified from AOCI		**1** [(a)]		—		**7** [(b)]		**8**
November 1, 2014	**$**	**(22)**	**$**	**(500)**	**$**	**(401)**	**$**	**(923)**

[(a)] Represents gains and losses on cash flow hedges, net of $1 million of taxes, which is recorded in net interest expense on the Consolidated Statements of Operations.

[(b)] Represents amortization of pension and other benefit liabilities, net of $4 million of taxes for the three months ended May 3, 2014, August 2, 2014 and November 1, 2014, respectively, and $8 million for the three months ended May 4, 2013, August 3, 2013 and November 2, 2013.

12. Segment Reporting

We operate as two segments: U.S. and Canadian. Our segment measure of profit is used by management to evaluate the return on our investment and to make operating decisions.

Business Segment Results	Three Months Ended November 1, 2014			Three Months Ended November 2, 2013		
(millions)	U.S.	Canadian	Total	U.S.	Canadian	Total
Sales	$ 17,254	$ 479	$ 17,732	$ 16,925	$ 333	$ 17,258
Cost of sales	12,171	386	12,555	11,849	284	12,133
Gross margin	5,083	93	5,177	5,076	49	5,125
Selling, general and administrative expenses [(a)(f)]	3,621	234	3,855	3,595	221	3,817
Depreciation and amortization	535	70	606	504	66	569
Segment profit	$ 927	$ (211)	$ 716	$ 977	$ (238)	$ 739
Data Breach related costs [(b)(f)]			(12)			—
Reduction of beneficial interest asset [(a)(f)]			(11)			(36)
Impairments [(c)(f)]			(16)			—
Earnings before interest expense and income taxes			677			703
Net interest expense			165			165
Earnings before income taxes			$ 512			$ 538

Business Segment Results	Nine Months Ended November 1, 2014			Nine Months Ended November 2, 2013		
(millions)	U.S.	Canadian	Total	U.S.	Canadian	Total
Sales	$ 50,868	$ 1,321	$ 52,188	$ 50,387	$ 694	$ 51,081
Cost of sales	35,716	1,072	36,787	34,916	525	35,441
Gross margin	15,152	249	15,401	15,471	169	15,640
Selling, general and administrative expenses [(a)(f)]	10,410	669	11,078	10,437	621	11,058
Depreciation and amortization	1,584	207	1,791	1,488	160	1,648
Segment profit	$ 3,158	$ (627)	$ 2,532	$ 3,546	$ (612)	$ 2,934
Data Breach related costs, net of insurance receivable [(b)(f)]			(140)			—
Reduction of beneficial interest asset [(a)(f)]			(40)			(82)
Impairments [(c)(f)]			(31)			—
Card brand conversion costs [(d)(f)]			(13)			—
Gain on receivables transaction [(e)]			—			391
Earnings before interest expense and income taxes			2,307			3,243
Net interest expense			788			965
Earnings before income taxes			$ 1,519			$ 2,278

Note: The sum of the segment amounts may not equal the total amounts due to rounding.

[(a)] Our U.S. Segment includes all TD profit-sharing amounts in segment EBIT; however, under GAAP, some amounts received from TD reduce the beneficial interest asset and are not recorded in consolidated earnings.

[(b)] Refer to Note 6 for more information on Data Breach related costs.

(c) Refer to Note 5 for more information on impairments. Activities giving rise to these impairments were centrally managed by individuals outside of core segment operations and excluded from the measure of segment profitability reviewed by management.

[d] Expense related to converting co-branded card program to MasterCard.
[e] Refer to Note 3 for more information on our credit card receivables transaction.
[f] The sum of segment SG&A expenses, reduction of beneficial interest asset, Data Breach related costs, impairments and card brand conversion costs equal consolidated SG&A expenses.

Total Assets by Segment (millions)	**November 1, 2014**	February 1, 2014	November 2, 2013
U.S.	**$ 39,964**	$ 38,128	$ 39,747
Canadian	**6,348**	6,254	6,483
Total segment assets	**46,312**	44,382	46,230
Unallocated assets [a]	**149**	171	143
Total assets	**$ 46,461**	$ 44,553	$ 46,373

[a] Represents the beneficial interest asset and insurance receivable related to the Data Breach. Represents the beneficial interest asset at November 2, 2013.