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TARGET CORPORATION

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James T. Hale
Executive Vice President, General Counsel and Corporate Secretary

December 16, 2003

Jonathon G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, DC 20549-0609

Re: File No. S7-19-03; Release Nos. 34-48626; IC-26230
Security Holder Director Nominations

Dear Mr. Katz:

I am Executive Vice President, General Counsel and Corporate Secretary for Target Corporation. This letter is being submitted in response to the Commission's request for comments on its release captioned "Security Holder Director Nominations," issued October 14, 2003.

The Sarbanes-Oxley Act of 2002 has resulted in the most sweeping and significant changes to corporate governance law in decades. Many new rules have just recently been promulgated pursuant to this legislation. The full impact of the Act and those rules will not be known until they have been in effect for some period of time. The Commission should monitor the effects of Sarbanes-Oxley and its related rules for a reasonable period of time before adding any additional governance rules, including the "Security Holder Director Nominations" proposal. The Commission should not adopt that proposal at this time.

If actual experience proves that the current governance rules are inadequate, and that they should be supplemented with a rule providing for nominations in a manner similar to the currently proposed rule, we believe that the one percent ownership trigger in that rule is too low. A one percent threshold does not demonstrate sufficient commitment by a shareholder or group when compared to the extraordinary consequences that could be triggered by crossing that threshold. Furthermore, the mere specter of a one percent trigger would give a variety of relatively short-term shareholders inappropriate amount of influence over a board and interfere with the board's ability to exercise independent judgment about potentially critical corporate policies.

We also believe a one percent trigger could fundamentally undermine the ability of board nominating committees to exercise independent business judgment and fulfill their fiduciary duties to shareholders. The recently-adopted NYSE rules mandate that a board's nominating committee be composed entirely of independent directors and state that "(n)ew director....nominations are among a board's most important functions." Nominating committee members are responsible not only for selecting candidates with the best individual credentials for board membership, but also for ensuring the strength of a board as a whole. By increasing the ability of shareholders representing a small percentage of all shareholders to nominate directors, the proposed rules will undermine the independent judgment of nominating committees that is deemed so critical under the NYSE rules.

A one percent trigger could also foster the nomination and election of directors more beholden to special interests than to a corporation's stakeholders as a whole. A board works best when it is a challenging, yet collegial group with the corporation's best interests in mind. Directors should represent the interests of the entire corporation, not just a particular shareholder group. A board that is composed of one or more special interest directors with potentially competing objectives would be more likely to become distracted by particular agendas. Consequently, such a board would be less able to focus upon the larger best interests of the corporation and its stakeholders.

Target has been a strong proponent of good corporate governance practices and principles for decades. Many of the corporate governance reforms mandated by the Sarbanes-Oxley Act and recent Securities and Exchange Commission and New York Stock Exchange rules have long been in effect at Target. We believe that our long-term commitment to those corporate governance principles is the primary reason that we have been recognized by many governance experts including Institutional Shareholder Services, which presented us with an award for Excellence in Corporate Governance in 2001. Our experience gives us reason to conclude that scope of the current rules is adequate to address the corporate governance failings that have been highlighted of late. We are encouraged that the governance bar will be raised. However, we strongly oppose the currently proposed rule is because it is not necessary and would likely lead to undesired governance practices.

Thank you for considering our concerns. If you would like to discuss our comments or any other issue, please do not hesitate to contact me at 612-696-6646.

Very truly yours,

James T. Hale

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