TARGET CORP
Form 11-K
June 10, 2016

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

(Mark One)

ý ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the fiscal year ended December 31, 2015

OR

o TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from to

Commission File Number 1-6049

A. Full title of the plan and address of the plan, if different from that of the issuer named below: Target Corporation 401(k) Plan and Target Corporation Ventures 401(k) Plan.

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

TARGET CORPORATION

1000 Nicollet Mall
Minneapolis, Minnesota 55403

Target Corporation 401(k) Plan and Target Corporation Ventures 401(k) Plan

Financial Statements and Supplemental Schedules

Years Ended December 31, 2015 and 2014

Contents

Report of Independent Registered Public Accounting Firm

The Board of Directors and Plan Participants
Target Corporation

We have audited the accompanying statements of net assets available for benefits of the Target Corporation 401(k) Plan and the Target Corporation Ventures 401(k) Plan as of December 31, 2015 and 2014, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plans' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plans' internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plans' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Target Corporation 401(k) Plan and the Target Corporation Ventures 401(k) Plan at December 31, 2015 and 2014, and the changes in net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

The accompanying supplemental schedules of assets (held at end of year) as of December 31, 2015 and delinquent participant contributions for the year then ended, have been subjected to audit procedures performed in conjunction with the audits of Target Corporation 401(k) Plan's and Target Corporation Ventures 401(k) Plan's financial statements. The information in the supplemental schedules is the responsibility of the Plans' management. Our audit procedures included determining whether the information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedules. In forming our opinion on the information, we evaluated whether such information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Ernst & Young, LLP

Minneapolis, Minnesota
June 10, 2016

Target Corporation 401(k) Plan and Target Corporation Ventures 401(k) Plan

Statements of Net Assets Available for Benefits

Target Corporation 401(k) Plan	December 31	
(in thousands)	2015	2014
Assets		
Interest in Master Trust	$7,129,433	$7,454,737
Receivables:		
Notes receivable from participants	151,270	153,800
Employer contributions	14,623	13,595
Participant contributions	11,334	14,795
Total receivables	177,227	182,190
Net assets available for benefits	$7,306,660	$7,636,927

Target Corporation Ventures 401(k) Plan	December 31	
(in thousands)	2015	2014
Assets		
Interest in Master Trust	$2,126	$2,235
Receivables:		
Notes receivable from participants	2	3
Employer contributions	—	7
Total receivables	2	10
Net assets available for benefits	$2,128	$2,245

See accompanying notes.

Target Corporation 401(k) Plan and Target Corporation Ventures 401(k) Plan

Statements of Changes in Net Assets Available for Benefits

Target Corporation 401(k) Plan	Year Ended December 31	
(in thousands)	2015	2014
Additions		
Net investment (loss)/gain from interest in Master Trust	$(78,950)	$640,654
Interest and dividends	—	17,276
Net realized and unrealized appreciation in fair value of investments	—	59,001
Total investment (loss)/income	(78,950)	716,931
Interest income on notes receivable from participants	6,437	6,278
Contributions:		
Participant contributions	338,053	336,050
Employer contributions	218,081	216,842
Total contributions	556,134	552,892
Total additions	483,621	1,276,101
Deductions		
Benefits paid to participants	813,888	650,433
Administration fees	—	2,071
Total deductions	813,888	652,504
Net (decrease)/increase	(330,267)	623,597
Net assets available for benefits:		
Beginning of year	7,636,927	7,013,330
End of year	$7,306,660	$7,636,927

Target Corporation Ventures 401(k) Plan	Year Ended December 31	
(in thousands)	2015	2014
Additions		
Net investment (loss)/gain from interest in Master Trust	$(28)	$17
Contributions:		
Participant contributions	—	230
Employer contributions	—	32
Total contributions	—	262
Plan transfer	—	2,163
Total (deductions)/additions	(28)	2,442
Deductions		
Benefits paid to participants	89	197
Net (decrease)/increase	(117)	2,245
Net assets available for benefits:		
Beginning of year	2,245	—
End of year	$2,128	$2,245

See accompanying notes.

3

Target Corporation 401(k) Plan and Target Corporation Ventures 401(k) Plan

Notes to Financial Statements

December 31, 2015

1. Description of the Plans

In January 2014, Target Corporation (the Company and the Plans' Administrator) created the Target Corporation Ventures 401(k) Plan (Ventures 401(k) Plan). Effective January 1, 2015, Ventures 401(k) participants became participants of the Target Corporation 401(k) Plan (401(k) Plan). Existing Ventures 401(k) balances remained in the Ventures 401(k) Plan unless active participants elected to rollover their balances to the 401(k) Plan.

The 401(k) Plan and Ventures 401(k) Plan (collectively, the Plans) are each defined contribution plans available to all employees who meet eligibility requirements of age and hours worked. Effective May 1, 2014, the Plans' Administrator amended the agreement with State Street Bank and Trust Co. to create a Master Trust for the investments of both Plans.

Under the terms of the Plans, participants can invest up to 80% of their eligible compensation, within the limits of the Employee Retirement Income Security Act of 1974, as amended (ERISA). Except for highly compensated participants, participants are allowed to make contributions to the Plans in any combination of before-tax, after-tax and/or Roth contributions. Highly compensated participants, as defined by the Internal Revenue Code (the Code), can make before-tax and Roth contributions. Participants can contribute up to the annual contribution limits established by the Internal Revenue Service (the IRS) of $18,000 and $17,500, plus a $6,000 and $5,500 catch-up for participants age 50 and older, for 2015 and 2014, respectively.

The Company matches 100 percent of each participant’s contribution up to 5 percent and 1 percent of total compensation under the 401(k) Plan and the Ventures 401(k) Plan, respectively. Participants of the Plans are immediately vested in both participant contributions and the Company’s matching contributions. All investments are participant-directed.

Each participant’s account is credited with the participant’s contributions and the Company’s matching contributions. Master Trust earnings are allocated based on the participant’s share of net earnings or losses of their respective elected investment options. Allocation of expenses are based on the participant’s account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant’s vested account. Participants may receive benefits upon termination, death, disability or retirement in installments or as a lump-sum amount equal to the vested value of their account, subject to certain restrictions. Participants may also withdraw some or all of their account balances prior to termination, subject to certain restrictions.

The Plans allow for two types of loans: the purchase of a primary residence and a general-purpose loan. Participants may have one of each loan type outstanding at any given time. Principal and interest can be paid through payroll deductions or cashier's checks. Interest rates are set at 1% plus the prime rate as published by the Wall Street Journal on the first business day of the month the loan is issued. If a participant defaults on a loan in accordance with Plan terms and the Plan Administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

Although it has not expressed any intent to do so, the Company has the right under the Plans to discontinue its contributions at any time and terminate the Plans subject to the provisions of ERISA.

For more detailed information regarding the Plans, participants may refer to the Plan Documents and Summary Plan Descriptions available from the Company.

2. Accounting Policies

Basis of Presentation

The accounting and financial reporting policies of the Plans conform to U.S. generally accepted accounting principles (U.S. GAAP).

Payment of Benefits

Benefits are recorded when paid.

Investment Valuation and Income Recognition

Investments are reported at fair value. Further information regarding the valuation techniques used to measure the fair value of investment assets is included in the Fair Value Measurements footnote (see Note 3).

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Notes Receivable

Notes receivable from participants are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded when it is earned. Principal and interest from the repayment of loans are allocated to participants' investment accounts in accordance with each participant's investment election in effect at the repayment date. No allowance for credit losses has been recorded as of December 31, 2015 or 2014.

Plan Expenses

All expenses are paid by the Master Trust and are reflected in net investment gain from plan interest in Master Trust on the Statement of Changes in Net Assets Available for Benefits.

Use of Estimates

The preparation of our financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions affecting reported amounts in the financial statements, accompanying notes, and supplemental schedules. Actual results may differ significantly from those estimates.

New Accounting Pronouncements

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-07, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). ASU 2015-07 amended Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, to remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendment also removes the requirement to make certain disclosures for these investments. The Plans retrospectively adopted this ASU as of December 31, 2015.

In July 2015, the FASB issued ASU 2015-12, Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient. Part I and Part III are not applicable to the Plans. Part II eliminates the requirements to disclose individual investments that represent 5 percent or more of net assets available for benefits and the net appreciation or depreciation in fair value of investments by general type. Part II also simplifies the level of disaggregation of investments that are measured using fair value as plans are no longer required to disaggregate investments by nature, characteristics and risks, and are only required to disaggregate by general type of plan asset. The Plans retrospectively adopted this ASU as of December 31, 2015.

3. Fair Value Measurements

Fair value measurements are categorized into 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 available at the measurement date, other than quoted prices included in Level 1); and Level 3 (unobservable inputs that cannot be corroborated by observable market data).

Master Trust Fair Value Measurements[a]		Fair Value at	
(in thousands)	Pricing Category	December 31, 2015	December 31, 2014
Target Corporation Common Stock Fund	Level 1	$1,864,972	$2,155,990
Intermediate-term Bond Fund[b]			
U.S. government and agency obligations	Level 2	281,086	304,874
Corporate bonds	Level 2	180,493	184,636
Asset-backed securities	Level 2	81,534	62,128
Cash equivalents	Level 2	—	676
		2,408,085	2,708,304
Investments valued using NAV per share[c]			
Cash equivalents		59,396	69,743
Commingled funds[d][e]		4,669,504	4,686,058
Total plan assets		$7,136,985	$7,464,105

(a) See Note 4 - Investments for further information.
(b) This is a self-managed fund designed to earn returns modestly in excess of money market funds. It invests in a portfolio of separately managed accounts that include high-quality short-term and intermediate-term U.S. bonds (including U.S. government treasuries), corporate debt securities and other high-credit-quality asset-backed securities.
(c) In accordance with ASU 2015-07, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the Master Trust Net Asset table in Note 4.
(d) Includes investments in various lifecycle funds, which contain a mix of U.S. equities, international equities, U.S. issued bonds, commodities and cash. These funds share the common goal of first growing and then later preserving principal. The Plans can redeem these investments daily with no restrictions.
(e) Includes investments in passively managed index funds with holdings in U.S. and international equity securities and U.S. government obligations. Also includes investments in the actively managed Cash Series Prime Fund, with holdings in U.S. government and agency obligations, corporate debt securities and high-credit-quality asset-backed securities. The Plans can redeem these investments daily with no restrictions.

Following are the valuation techniques for each asset type measured at fair value:

Position Description	Valuation Technique
Cash equivalents / Commingled funds	Valued using the Net Asset Value (NAV) provided by the fund administrator. NAV is based on the value of the fund's underlying assets (minus applicable costs and liabilities), divided by the number of shares outstanding.
Target Corporation Common Stock Fund	Valued using the unadjusted quoted price in an active market.
Fixed-Income Securities	Primarily valued using prices obtained from independent pricing services. These prices are based on matrix pricing models and quoted prices of securities with similar characteristics.

4. Investments

At December 31, 2015, participants may allocate their investments among 18 investment funds and, with certain restrictions, change their investment elections daily for both existing balances and future contributions.

Investments and the income therefrom are allocated to participating plans based on each plan's participation in investment options within the Master Trust. The 401(k) and Ventures 401(k) Plans' interest in the net assets of the Master Trust was approximately 99.9% and 0.1%, respectively, at December 31, 2015 and December 31, 2014.

6

Master Trust Net Assets (in thousands)	December 31, 2015	December 31, 2014
Investments[a]	$7,136,985	$7,464,105
Receivables:		
Due from broker for securities sold	28,569	25,115
Interest	2,750	2,546
Total receivables	31,319	27,661
Total assets	7,168,304	7,491,766
Liabilities:		
Due to broker for securities purchased	35,541	33,433
Accrued expenses	1,204	1,361
Total liabilities	36,745	34,794
Net assets	$7,131,559	$7,456,972

[a] See Note 3 - Fair Value Measurements for further information.

Net Investment (Loss)/Gain from Interest in Master Trust (in thousands)	2015	2014
Master Trust investments	$(149,855)	$587,758
Interest and dividend income	70,877	52,913
Total	$(78,978)	$640,671

5. Transactions with Parties-in-Interest

Master Trust Purchases and Sales of Target Corporation Common Stock[a]	2015		2014[b]	
	Purchases	Sales	Purchases	Sales
Number of shares	2,433,491	186,981	2,577,181	136,000
Amount	$189,527,826	$14,622,950	$154,334,146	$8,560,039

[a] The Master Trust earned dividend income of $59,067 thousand and $45,381 thousand in 2015 and 2014, respectively. Additionally, the Master Trust held 25,684,780 and 28,401,928 shares of Target Corporation common stock as of December 31, 2015 and 2014, respectively.

[b] In addition to the activity in the table above, during the period from January 1, 2014 to April 30, 2014, the 401(k) Plan purchased 1,260,940 shares for $74,056,651 and sold 63,205 shares for $3,797,244. The 401(k) Plan earned dividend income of $13,445 thousand in this same period.

The Master Trust owns certain investments in short-term and commingled investment funds managed by State Street Bank & Trust Co., the trustee of the Master Trust. These transactions qualify as party-in-interest transactions; however, they are exempt from the prohibited transactions rules under ERISA. Investment management fees paid by the Plans are included as a reduction of the return earned on each fund.

6. Income Tax Status

The 401(k) Plan has received a determination letter from the IRS dated October 22, 2013, stating that the Plan is qualified under Section 401(a) of the Code; therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. Subsequent to the issuance of this determination letter, the Plan was amended and restated. The Plan Administrator believes the amended and restated Plan remains qualified and the trust tax-exempt as the Plan Administrator believes the Plan is operating in compliance with the Code.

The Ventures 401(k) Plan did not receive a determination letter from the IRS. However, the Plan Administrator believes this Plan is qualified under Section 401(a) of the Code; therefore, the related trust is exempt from taxation.

The Plans' Administrator has concluded that there are no uncertain positions taken or expected to be taken by the Plans as of December 31, 2015. The Plans have recognized no interest or penalties related to uncertain tax positions. The Plans are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes the 401(k) Plan is no longer subject to income tax examinations for years prior to 2012.

7. Risks and Uncertainties

The Plans invest in securities that are exposed to various risks, such as interest rate, market and credit risks. Due to these risks, it is at least reasonably possible that changes in investment values will occur in the near term and could materially affect the amounts reported in the financial statements.

8. Reconciliation of Financial Statements to the Form 5500

(in thousands)	December 31, 2015 401(k) Plan
Net assets available for benefits per the financial statements	$7,306,660
Amounts allocated to withdrawing participants	(3,741)
Participant contribution receivable accrual	(4,959)
Employer contribution receivable accrual	(3,367)
Net assets available for benefits per the Form 5500	$7,294,593

(in thousands)	December 31, 2014	
	401(k) Plan	Ventures 401(k) Plan
Net assets available for benefits per the financial statements	$7,636,927	$2,245
Amounts allocated to withdrawing participants	(4,808)	(4)
Participant contribution receivable accrual	(14,795)	—
Employer contribution receivable accrual	(9,384)	—
Net assets available for benefits per the Form 5500	$7,607,940	$2,241

(in thousands)	December 31, 2015	
	401(k) Plan	Ventures 401(k) Plan
Benefits paid to participants per the financial statements	$813,888	$ 89
Amounts allocated to withdrawing participants at December 31, 2014	(4,808)	(4)
Amounts allocated to withdrawing participants at December 31, 2015	3,741	—
Benefits paid to participants per the Form 5500	$812,821	$ 85

401(k) Plan	December 31	
(in thousands)	2015	2014
Participant contributions available for benefits per the financial statements	$11,334	$14,795
Participant contribution receivable accrual	(4,959)	(14,795)
Participant contributions available for benefits per the Form 5500	$6,375	$—

401(k) Plan

(in thousands)	December 31, 2015
Employer contributions available for benefits per the financial statements	$ 14,623
Employer contribution receivable accrual	(3,367)
Employer contributions available for benefits per the Form 5500	$ 11,256

	December 31, 2014	
(in thousands)	401(k) Plan	Ventures 401(k) Plan
Employer contributions available for benefits per the financial statements	$13,595	$ 7
Employer contribution receivable accrual	(9,384)	—
Employer contributions available for benefits per the Form 5500	$4,211	$ 7

401(k) Plan

(in thousands)	December 31, 2015
Additions to net assets attributed to participant contributions per the financial statements	$ 338,053
Change in participant contribution receivable accrual	9,836
Additions to net assets attributed to participant contributions per the Form 5500	$ 347,889

401(k) Plan

(in thousands)	December 31, 2015
Additions to net assets attributed to employer contributions per the financial statements	$ 218,081
Change in employer contribution receivable accrual	6,017
Additions to net assets attributed to employer contributions per the Form 5500	$ 224,098

401(k) Plan

(in thousands)	December 31, 2015
Total additions to net assets per the financial statements	$ 483,621
Change in participant contribution receivable accrual	9,836
Change in employer contribution receivable accrual	6,017
Total income per the Form 5500	$ 499,474

Supplemental Schedules

Target Corporation Ventures 401(k) Plan

EIN: 41-0215170 Plan Number: 004

Schedule H, Line 4a — Schedule of Delinquent Participant Contributions

Year Ended December 31, 2015

Participant Contributions Transferred Late to the Plan	Total that Constitute Nonexempt Prohibited Transactions			
Check here if Late Participant Loan Repayments are included: o	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Corrected in VFCP	Total Fully Corrected Under VFCP and PTE 2002-51
$ 20,640	$ —	$ 20,640 [a]	$ —	$ —

[a] Represents delinquent participant contributions from various 2012 and 2013 pay periods. The Plan Sponsor transmitted lost earnings to the Plan and filed Form 5330, Return of Excise Taxes Related to Employee Benefit Plans, during 2015.

11

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i — Schedule of Assets (Held at End of Year)

December 31, 2015

Identity of Issuer	Description	Current Value
*Participant Loans	Loans, interest rates from 4.25% to 10.50%	$ 151,270,344

*Indicated a party-in-interest to the Plan

Target Corporation Ventures 401(k) Plan

EIN: 41-0215170 Plan Number: 004

Schedule H, Line 4i — Schedule of Assets (Held at End of Year)

December 31, 2015

Identity of Issuer	Description	Current Value
*Participant Loans	Loans, interest rate of 4.25%	$ 1,899

*Indicated a party-in-interest to the Plan

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plans) have duly caused this annual report to be signed on their behalf by the undersigned hereunto duly authorized.

TARGET CORPORATION 401(K) PLAN
AND
TARGET CORPORATION VENTURES
401(K) PLAN

Date: June 10, 2016

By /s/ Cathy R. Smith
Cathy R. Smith
Chief Financial Officer
On behalf of Target Corporation as Plans' Administrator

14