



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

March 4, 2009

Conditional Approval #893
April 2009

James P. Ryan
Senior Vice President & Senior Counsel
The Capital Group Companies
333 S. Hope Street
Los Angeles, California 90071

Dear Mr. Ryan:

This letter responds to the request for clarification of certain issues relating to the ownership by The Capital Group Companies (“CGC”) in Target Corporation (“Target”) and, indirectly, Target National Bank (“Bank”). Specifically, CGC seeks the concurrence of the Office of the Comptroller of the Currency (“OCC”) that CGC does not indirectly control the Bank through its ownership of Target, pursuant to the Change in Bank Control Act, 12 U.S.C. §1817(j).

CGC represents that through a number of investment management companies it holds, CGC purchases and sells securities for a variety of clients, including mutual funds, trusts, and other fiduciary accounts. CGC generally exercises investment discretion and voting control or influence with respect to these securities. As a result of such activities, CGC has acquired in aggregate more than 10% of the voting securities of Target.¹

Target is a publicly traded national retailer that owns 100% of the Bank, whose activities are limited to activities related to issuing credit cards and related ancillary services. Target also owns Target Bank, a Utah industrial loan company. Pursuant to exceptions in the Bank Holding Company Act, 12 U.S.C. § 1841, *et seq.*, Target is not considered to be a bank holding company due to its ownership of these limited purpose financial institutions.

CGC has entered into the attached Passivity Agreement with the OCC. Based on the Passivity Agreement, the OCC poses no objection to CGC’s retention of ownership of Target voting shares aggregating 10% or more but less than 25% and will consider that CGC does not indirectly control Target NB.

¹ CGC’s company-wide management information systems have been improved so that it will have current information on its holdings of Target and will be able to fully comply with the requirements of this letter.

Target National Bank
Sioux Falls, South Dakota

This decision is subject to the following condition:

- CGC adheres to the conditions and requirements of the Passivity Agreement.

This condition is a condition “imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request” within the meaning of 12 U.S.C. § 1818. As such, the condition is enforceable under 12 U.S.C. § 1818.

If you have any questions, please contact Senior Licensing Analyst Jim Bundy at (720) 475-7570, or at jim.bundy@occ.treas.gov

Sincerely,

signed

Lawrence E. Beard
Deputy Comptroller, Licensing

Attachment: Passivity Agreement

PASSIVITY AGREEMENT

By and Between

The Capital Group Companies

and

The Office of the Comptroller of the Currency

This Passivity Agreement (“Agreement”) is entered into by and between the Office of the Comptroller of the Currency (“OCC”), and the Capital Group Companies, Inc., which include Capital Group International, Inc., Capital Guardian Trust Company, Capital International, Inc., Capital International K.K., Capital Guardian Trust Company of Nevada, Capital International Limited, Capital International S.A., and Capital Research and Management Company (collectively “CGC”). CGC’s principal office is in Los Angeles, California.

WHEREAS, generally, no person may acquire control, directly or indirectly, of a national bank unless the OCC has been given at least sixty-days prior written notice and within that time the OCC has not disapproved the proposed acquisition; and

WHEREAS, generally, pursuant to the CBCA and OCC regulation, any person acting directly or indirectly or through or in concert with one or more persons, who acquires control of a parent company of a national bank, and is not excepted from the requirements of either the CBCA or OCC regulation, or both, is assumed to have acquired indirect control of such bank under the CBCA and OCC regulation; and

WHEREAS, Target Corporation (“Parent Company”), controls Target National Bank, a national bank headquartered in Sioux Falls, South Dakota (“Bank”); and

WHEREAS, the Parent Company is registered under Section 12 of the Securities Exchange Act of 1934; and

WHEREAS, CGC, in the ordinary course of business, purchases and sells securities on behalf of its clients, and from time to time, acquires exclusively for investment purposes and on behalf of its clients voting securities of the Parent Company; and

WHEREAS, CGC will not acquire 25% or more of any class of voting securities of the Parent Company or any voting securities of the Bank; and

WHEREAS, absent this Agreement, the OCC could consider that CGC has acquired indirect control of the Bank with respect to any acquisition resulting in its ownership, control, or holding with power to vote at least ten but less than twenty-five percent, in the aggregate, of any class of voting securities of the Parent Company and would be required to file a notice under the CBCA and OCC regulation; and

WHEREAS, in order to show that CGC does not indirectly control the Bank, CGC has offered to make the commitments and representations contained in this Agreement;

NOW THEREFORE, it is agreed between CGC, by and through its duly authorized representative, and the OCC, through its duly authorized representative, that CGC shall enter into, and at all times operate in compliance with, the articles of this Agreement. If CGC makes, and complies with, the commitments and other provisions of this Agreement, and if the representations made herein by CGC are true and correct, OCC staff will not determine that CGC has acquired indirect control of the Bank through the acquisition of voting securities of the Parent Company.

ARTICLE I **JURISDICTION**

(1) This Agreement shall be construed to be a “written agreement entered into with the agency” within the meaning of 12 U.S.C. § 1818.

ARTICLE II **PASSIVITY**

- (1) CGC commits that it will not, directly or indirectly, acting alone or in concert with others:
- (a) Acquire or retain securities directly or indirectly, that would cause the combined interests of CGC and its affiliates to equal or exceed 25 percent of any class of voting securities of the Parent Company.
 - (b) Take any action that would cause the Parent Company or the Bank to be controlled by CGC or any of its affiliates.
 - (c) Have or seek to have any representative serve on the board of directors of the Parent Company or the Bank (“Boards”); or to nominate any candidate to serve on the Boards or otherwise seek representation on the Boards.
 - (d) Propose a director or slate of directors in opposition to a nominee or slate of nominees proposed by management of the Parent Company or the Bank, or the Boards;
 - (e) Seek or use any material non-public information concerning the Parent Company or the Bank.
 - (f) Engage in any communications with directors, officers, or employees of the Parent Company or the Bank for the purpose of:
 - (i) influencing or directing management decisions or policies, including, without limitation, dividend policies, loan, credit, or investment decisions or policies, pricing of services, personnel

decisions, operational activities, or any similar activities or decisions, or

- (ii) controlling or attempting to control the Parent Company or the Bank.
 - (g) Dispose or threaten to dispose of securities of the Parent Company in any manner as a condition of specific action or nonaction by the Parent Company or the Bank.
- (2) CGC commits that:
- (a) The acquisition of any securities equal to or in excess of 10 percent of a class of voting securities of the Parent Company is exclusively for investment purposes;
 - (b) It will engage only in normal customary transactions with the Parent Company and the Bank and may only take actions with the Parent Company and the Bank that are in the ordinary course of business, legal, and at arms' length;
 - (c)
 - (i) It will grant the Parent Company a proxy ("Proxy") to vote shares equal to or in excess of 10 percent of each class of voting securities of the Parent Company owned in total by CGC and its affiliates over which CGC or its affiliates exercise voting discretion;
 - (ii) It will instruct the Parent Company that the securities covered by a Proxy will be voted in the same proportion as all other securities voted by all other shareholders. Alternatively, the securities equal to or in excess of 10 percent will not be voted; and
 - (iii) It will use its best efforts to include in a Proxy any other shares of each class of voting securities of the Parent Company owned in total by CGC and its affiliates over which CGC or its affiliates do not exercise voting discretion or over which an individual fund or client managed by CGC or its affiliates exercises voting discretion to the extent CGC exercises influence over such voting discretion such as through the provision of voting recommendations. If such shares cannot be included in a Proxy, they will not be voted. Alternatively, such shares may be voted if CGC takes no action to influence how such shares will be voted, including providing specific recommendations.
 - (d) Any voting securities of the Parent Company or the Bank acquired or retained personally by the officers or directors of CGC or its affiliates are for individual investment purposes only and will not be used for acting in concert with CGC or its affiliates.

(3) Before deviating from any of the foregoing commitments, CGC will either file a change in bank control notice pursuant to the CBCA and OCC regulations or obtain a written opinion from the OCC that such a notice is not required.

(4) CGC represents and warrants that it has full power and the legal authority to execute this Agreement, and that this Agreement is binding and enforceable.

ARTICLE III **EFFECTIVENESS OF AGREEMENT**

(1) The provisions of this Agreement shall be effective upon execution by the parties hereto and its provisions shall continue in full force and effect unless or until such provisions are amended in writing by mutual consent of the parties to the Agreement, or are excepted, waived, or terminated in writing by the OCC.

(2) If its holdings of any class of voting securities in the Parent Company fall below 10 percent, but thereafter again equal or exceed 10 percent but less than 25 percent, CGC will be subject to this Agreement immediately. CGC also must notify the OCC within 10 days from the date on which its holdings equal or exceed 10 percent or more of any class of voting securities of the Parent Company, so that the OCC can determine whether this Agreement must be revised based on materially changed circumstances.

ARTICLE IV **GENERAL PROVISIONS**

(1) CGC acknowledges that the failure to comply with any provision of this Agreement, the inaccuracy of any representation, or the violation of any warranty made herein may be viewed as a violation of the CBCA or OCC regulation or both, and further acknowledges that, in addition to any other remedies provided by law, this Agreement is a “written agreement” enforceable under section 8 of the Federal Deposit Insurance Act (12 U.S.C. § 1818) and that violation of any provision of this Agreement may subject CGC to enforcement action. CGC agrees that it is an institution-affiliated party pursuant to 12 U.S.C. §1813(u) for purposes of enforcing the terms of this Agreement.

(2) CGC shall notify the appropriate supervisory office by January 31 of each calendar year of its current holdings of any class of voting securities of the Parent Company.

(3) All notices, reports, or other communications required hereunder shall be in writing and shall be made by facsimile transmission, with a copy sent by certified mail, return receipt requested addressed as follows:

George Orsino
Assistant Deputy Comptroller
Midsized Bank Supervision
4 Greenwood Square
Suite 120
3325 Street Road
Bensalem, PA 19020

With a copy to:

Robert E. Piepergerdes
Supervisory Team Leader
Credit Card Bank Supervision
7101 College Blvd, Suite 1600
Overland Park, KS 66210

Such notice or communication shall be deemed to have been given or made as of the date that the notice or communication was delivered to the certified mail carrier.

(4) Any time limitations imposed by this Agreement may be extended in writing by the appropriate supervisory office or for good cause upon prior written application by CGC to the OCC.

(5) This Agreement is a supervisory “written agreement entered into with the agency” pursuant to 12 U.S.C. § 1818(b)(1), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller of the Currency or the United States. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by CGC under his supervisory powers, including 12 U.S.C. § 1818(b), and not as a matter of contract law. CGC expressly acknowledges that CGC and the Comptroller do not have any intention to enter into a contract. CGC also expressly acknowledges that no officer or employee of the Office of the Comptroller of the Currency has statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller’s exercise of his supervisory responsibilities. The terms of this Agreement, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

(6) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him/her by the several laws of the United States of America to undertake any action affecting CGC, nothing in this Agreement shall in any way inhibit, estop, bar, or otherwise prevent the Comptroller from so doing.

(7) CGC’s Board of Directors has approved a resolution authorizing CGC’s entry into this Agreement. A certified copy of CGC’s Resolution is attached hereto as Exhibit A and incorporated herein by reference.

IN WITNESS WHEREOF, the parties have executed this Agreement.

OCC

CGC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____