

TARGET RECEIVABLES CORP  
Form POS AM  
November 03, 2005

As Filed with the Securities and Exchange Commission on November 2, 2005

Registration No. 333-127864

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

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**POST-EFFECTIVE AMENDMENT NO. 1  
TO  
FORM S-1  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

**TARGET CREDIT CARD OWNER TRUST 2005-1**

(Issuer with respect to the Class A notes)  
(Exact Name of Registrant as Specified in its Charter)

**TARGET RECEIVABLES CORPORATION**

(Originator of the Issuer)  
(Exact Name of Registrant as Specified in its Charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**9999**  
(Primary Standard Industrial  
Classification Code No.)

**41-1812153**  
(I.R.S. Employer  
Identification No.)

**Target Receivables Corporation**  
**1000 Nicollet Mall**  
**Suite 3136**  
**Minneapolis, Minnesota 55403**  
**(612) 696-3102**

(Address, Including Zip Code, and Telephone Number, Including Area Code, of the Registrant's Principal Executive Office)

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**Douglas A. Scovanner**  
**President**  
**Target Receivables Corporation**  
**1000 Nicollet Mall**  
**Minneapolis, Minnesota 55403**  
**(612) 696-3102**

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

**Copies to:**

Andrew M. Faulkner  
Skadden, Arps, Slate, Meagher & Flom LLP  
Four Times Square  
New York, New York 10036  
(212) 735-2853

Approximate date of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

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If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.  x

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering.  o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering.  o

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box.  o

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### CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Unit(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
Class A Notes	\$ 900,000,000	100%	\$ 900,000,000	\$ 105,930(2)
Collateral Certificate(3)	\$ 1,153,846,154			

(1) Estimated solely for the purpose of calculating the Registration Fee.

(2) The Registration Fee is \$105,930.00. \$117.70 of the Registration Fee was previously paid with the initial filing of this Registration Statement. \$88,157.30 of the Registration Fee was paid with the filing of Amendment No. 1 to this Registration Statement and \$17,655.00 of the Registration Fee is hereby paid; both of such amount were paid by applying such amounts against the \$242,700.00 previously paid in connection with unissued Asset Backed Certificates registered under Registration Statement No. 333-103371, initially filed on September 22, 2003, pursuant to Rule 457(p) of the General Rules and Regulations under the Securities Act of 1933, as amended. \$136,887.70 of the previously-filed Registration Fee remains unused.

(3) No additional consideration will be paid by purchasers of the Class A notes for the collateral certificate, which is pledged as security for the Class A notes.

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The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Prospectus Supplement to Prospectus, dated October 31, 2005

## TARGET CREDIT CARD OWNER TRUST 2005-1

Issuer

## TARGET RECEIVABLES CORPORATION

Transferor and Administrator

## TARGET NATIONAL BANK

Servicer of Target Credit Card Master Trust

\$900,000,000 Floating Rate Class A Asset Backed Notes

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Principal Amount	\$900,000,000
Price	\$900,000,000 (100.00%)
Underwriters Commissions	\$2,250,000 (0.25%)
Proceeds to Target Receivables Corporation	\$897,750,000 (99.75%)
Class A Interest Rate	one-month LIBOR + 0.06% p.a.
Interest Payment Dates	monthly on the 25th
First Interest Payment Date	December 27, 2005
Class A Expected Final Payment Date	October 25, 2010
Legal Maturity Date	October 27, 2014

The Target Credit Card Owner Trust 2005-1 is also issuing Subordinated Interests of the same series in an initial principal amount of \$253,846,154. The Subordinated Interests will be subordinated to the Class A notes and initially will be retained by Target Receivables Corporation.

The Class A notes and the Subordinated Interests are obligations of Target Credit Card Owner Trust 2005-1 and are backed only by the assets of Target Credit Card Owner Trust 2005-1. None of the Class A notes, the Subordinated Interests or the collateral certificate, which is the primary asset of Target Credit Card Owner Trust 2005-1, are obligations of Target Corporation, Target National Bank, Target Capital Corporation, Target Receivables Corporation or any of their affiliates or are obligations insured by the FDIC.

**These securities are highly structured. Before you purchase these securities, you should understand the structure and you should consider carefully the Risk Factors beginning on page S-13 of this prospectus supplement.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of the disclosures in this prospectus supplement and the attached prospectus. Any representation to the contrary is a criminal offense.

The underwriters of the Class A notes have agreed to purchase the Class A notes, subject to the terms and conditions in the underwriting agreement.

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**LEHMAN BROTHERS**

**BANC OF AMERICA SECURITIES LLC  
CITIGROUP**

**JPMORGAN**

**MERRILL LYNCH &  
CO.**

The date of this Prospectus Supplement is November 2, 2005.

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**Important Notice About Information Presented in this Prospectus Supplement and the Attached Prospectus**

The attached prospectus provides general information about Target Credit Card Owner Trust 2005-1 and Target Credit Card Master Trust, including terms and conditions that are generally applicable to the Class A notes issued by the owner trust and certificates issued by the master trust. The specific terms of the Class A notes are described in this prospectus supplement.

This prospectus supplement begins with several introductory sections describing the Class A notes, the collateral certificate, Target Credit Card Owner Trust 2005-1 and Target Credit Card Master Trust in abbreviated form:

- *Summary of Terms* provides important dates, amounts and other terms of your notes,
- *Structural Summary* gives a brief introduction to the key structural features of your notes and the collateral certificate and directions for locating further information,
- *Transaction Flow Chart* illustrates the flow of receivables, and
- *Risk Factors* describes some of the risks that apply to your notes and the collateral certificate.

As you read through these sections, cross-references will direct you to more detailed descriptions in the attached prospectus and elsewhere in this prospectus supplement. You can also directly reference key topics by looking at the table of contents in this prospectus supplement and the table of contents included in the attached prospectus.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the attached prospectus. We have not authorized anyone to provide you with different information.

We are not offering these notes in any state where the offer is not permitted.

We do not make any representation as to the accuracy of the information in this prospectus supplement as of any date other than the date set forth on its cover.

You can find a glossary with definitions of important terms that appear in this document under the caption *Glossary of Terms for Prospectus Supplement* beginning on page S-60 in this prospectus supplement or under the caption *Glossary of Terms for Prospectus* beginning on page 70 in the attached prospectus.

**To understand the structure and terms of these securities, you must read carefully this prospectus supplement and the attached prospectus in their entirety.**

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## Summary of Terms

<i>Issuer:</i>	Target Credit Card Owner Trust 2005-1
<i>Transferor and Administrator:</i>	Target Receivables Corporation
<i>Servicer:</i>	Target National Bank
<i>Indenture Trustee and Master Trust Trustee:</i>	Wells Fargo Bank, National Association
<i>Owner Trustee:</i>	Wilmington Trust Company
<i>Pricing Date:</i>	November 2, 2005
<i>Closing Date:</i>	November 9, 2005
<i>Clearance and Settlement:</i>	DTC/Clearstream/Euroclear
<i>Owner Trust Assets:</i>	The collateral certificate issued by Target Credit Card Master Trust, representing an undivided interest in receivables originated in consumer open-end credit card accounts of Target National Bank.

<b>Series Structure:</b>	<b>Principal Amount</b>	<b>% of Total Series</b>
<i>Class A notes:</i>	\$900,000,000	78%
<i>Subordinated Interests:</i>	\$253,846,154	22%
<i>Annual Servicing Fee Rate:</i>	2%	
<i>Credit Enhancement for Class A:</i>	subordination of the Subordinated Interests	
<i>Class A Interest Rate:</i>	one-month LIBOR + 0.06% p.a.	
<i>Interest Accrual Method:</i>	actual/360	
<i>Interest Payment Dates:</i>	monthly on the 25 <sup>th</sup>	
<i>First Interest Payment Date:</i>	December 27, 2005	
<i>Class A Expected Final Payment Date:</i>	October 2010 distribution date	
<i>Legal Maturity Date:</i>	October 2014 distribution date	
<i>Class A Anticipated Ratings (Moody's/Standard &amp; Poor's):</i>	Aaa/AAA	



**Structural Summary**

*This summary briefly describes certain major structural components of the Class A notes. To fully understand the terms of the Class A notes, you will need to read both this prospectus supplement and the attached prospectus in their entirety.*

### **Target Credit Card Owner Trust 2005-1**

Target Credit Card Owner Trust 2005-1 is the issuer of the Class A notes and is referred to as the owner trust. The Class A notes will be the only class of notes issued by the owner trust. The owner trust will be maintained by the indenture trustee for the benefit of the holders of the notes. The owner trust is a Delaware statutory trust formed for the purpose of issuing the notes and the Subordinated Interests. TRC is the beneficial owner of the owner trust.

*For more information on the owner trust, see The Owner Trusts in the attached prospectus.*

### **Target Credit Card Master Trust**

Target Credit Card Master Trust, referred to as the master trust, is the issuer of the Series 2005-1 collateral certificate, which is referred to as the collateral certificate. The collateral certificate is one of two series of certificates issued by the master trust that will be outstanding as of the closing date. The master trust is maintained by the master trust trustee for the benefit of the holders of the securities of each outstanding series, including the collateral certificate, as of the closing date.

*For more information on other series of the master trust, see Other Series Issued and Outstanding in this prospectus supplement.*

### **Target Corporation**

Target Corporation, referred to as Target, is one of America's largest general merchandise retailers operating large-format discount stores. The receivables in the master trust portfolio primarily arise under Target VISA accounts and under Target Card private label revolving credit card accounts relating to the sale of merchandise and services by Target stores and Target.com.

*For more information on Target, see Target Corporation in the attached prospectus.*

### **Target National Bank**

Target National Bank originates the Target VISA accounts and the Target Card accounts. Target National Bank also is the servicer of these accounts.

*For more information on Target National Bank, see Target National Bank in the attached prospectus.*

### **Target Financial Services**

Target Financial Services, a division of Target, performs many of the services which Target National Bank, as servicer, would typically perform, including marketing, implementation of underwriting, implementation of authorizations, guest services, collections and systems support. Target Financial Services will also perform, on behalf of Target Receivables Corporation, most of the duties that Target Receivables Corporation, as administrator of the owner trust, is obligated to perform.

*For more information on Target Financial Services, see Target Financial Services in the attached prospectus.*

### **Target Capital Corporation**

Target Capital Corporation, referred to as TCC, purchases the receivables originated by Target National Bank and subsequently sells the receivables to Target Receivables Corporation.

*For more information on TCC, see Target Capital Corporation in the attached prospectus.*

### **Target Receivables Corporation**

Target Receivables Corporation, referred to as TRC, is the transferor of the receivables to the master trust, the administrator of the owner trust and the depositor of the collateral certificate into the owner trust. TRC holds the transferor certificate issued by the master trust and initially will retain the Subordinated Interests. The mailing address of TRC is 1000 Nicollet Mall, Suite 3136,



Minneapolis, Minnesota 55403 and the telephone number is (612) 696-3102.

*For more information on TRC, see Target Receivables Corporation in the attached prospectus.*

#### **The Indenture Trustee**

Wells Fargo Bank, National Association is the trustee under the indenture pursuant to which the Class A notes are issued. The corporate trust department of the indenture trustee is located at Sixth and Marquette, MAC N9311-161, Minneapolis, Minnesota 55479.

*For more information on the indenture trustee, see Description of the Notes The Indenture Trustee in the attached prospectus.*

#### **The Owner Trustee**

Wilmington Trust Company is the owner trustee under the trust agreement for the owner trust. The corporate trust department of the owner trustee is located at 1100 North Market Street, Wilmington, Delaware 19890.

#### **The Master Trust Trustee**

Wells Fargo Bank, National Association is the trustee under the pooling and servicing agreement governing the collateral certificate. The corporate trust department of the master trust trustee is located at Sixth and Marquette, MAC N9311-161, Minneapolis, Minnesota 55479.

*For more information on the master trust trustee, see The Master Trust Trustee in the attached prospectus.*

#### **The Collateral**

The primary asset of the owner trust is the collateral certificate. The primary asset of the master trust is a pool of receivables arising under:

- Target VISA accounts relating to the sale of merchandise and services by Target stores and other merchants and vendors participating in the worldwide VISA network, and
- Target Card accounts relating to the sale of merchandise and services by Target stores.

*For more information on the receivables, see Target National Bank's Credit Card Business and The Master Trust Portfolio in this prospectus supplement.*

#### **Interests in the Master Trust**

The master trust trustee maintains the master trust for several beneficiaries:

- the owner trust, as holder of the collateral certificate,
- certificateholders of other series issued by the master trust,
- Target National Bank, as the holder of a participation in the assets of the master trust, and
- TRC, as the holder of the transferor certificate issued by the master trust.

Each series, including the collateral certificate, has a claim to a specific dollar amount of the master trust's assets, regardless of the total amount of principal receivables in the master trust at any time. TRC, as holder of the transferor certificate, and Target National Bank, as holder of the participation, hold the other claims to the master trust's assets. The sizes of these claims fluctuate with the total amount of principal receivables in the master trust.

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*For more information on interests in the master trust, see Description of the Certificates Allocation of Master Trust Assets in the attached prospectus.*

### **The Series 2005-1 Collateral Certificate**

The collateral certificate represents the right to receive a portion of collections on the underlying master trust assets and will also be allocated a portion of net losses on the principal receivables in the master trust, called the investor defaulted amount. Any collections allocated to the collateral certificate in excess of the amount owed to the owner trust and the servicer of the receivables will be shared with other series of certificates issued by the master trust or returned to TRC.

*For more information on the collateral certificate, see Description of the Collateral Certificate in this*

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*prospectus supplement. For more information on the allocation of collections and payments to the collateral certificate, see Description of the Collateral Certificate Collateral Certificate Interest Payments, Collateral Certificate Principal Payments and Allocation Percentages in this prospectus supplement.*

**The Class A Notes**

The Class A notes represent obligations of the owner trust and will be secured by the collateral certificate and amounts received in respect of the collateral certificate, which will be the sole source of payments on the Class A notes. The amounts allocated to the collateral certificate will be used to pay principal of and interest on the Class A notes as those amounts become due, to cover net losses allocated to the collateral certificate and to pay the servicing fee and other expenses allocated to the collateral certificate. In no case will you receive more than the principal and interest owed to you under the terms of your notes described in this prospectus supplement.

*For more information on the Class A notes, see Description of the Notes in this prospectus supplement.*

**Interest Payments**

Interest on your Class A notes will be paid monthly on each distribution date for the related interest accrual period, from interest paid to the owner trust on the collateral certificate. A distribution date will occur on the 25th day of each month, or if that day is not a business day, the next business day, beginning on December 27, 2005. Your Class A notes will bear interest at one-month LIBOR *plus* 0.06% per year.

Interest for your Class A notes will be calculated as follows:

$$\begin{array}{rcccl} \text{Class A outstanding} & & \text{actual number of} & & \text{Class A interest} \\ \text{principal amount at} & \times & \text{days in interest} & \times & \text{rate for interest} \\ \text{end of prior month} & & \text{accrual period} & & \text{accrual period} \\ & & 360 & & \end{array}$$

Each interest accrual period will begin on and include a distribution date and end on but exclude the next distribution date. However, the first interest accrual period will begin on and include the closing date and end on but exclude the first distribution date for your notes.

You may obtain the interest rates for the current interest accrual period and the immediately preceding interest accrual period by telephoning the indenture trustee at (612) 667-8058.

*For more information on the payment of interest on the Class A notes, see Description of the Collateral Certificate Collateral Certificate Interest Payments and Application of Collections Payment of Interest, Fees and Other Items and Description of the Notes Interest Payments in this prospectus supplement.*

**Principal Payments**

Your Class A notes are expected to be paid in full on the October 2010 distribution date, which is the expected final payment date for the Class A notes. If an early amortization period has not commenced, the master trust will accumulate collections of principal receivables in a principal funding account during the accumulation period for the benefit of the owner trust, as holder of the collateral certificate, for the purpose of repaying the Class A notes on the Class A expected final payment date. The length of the accumulation period prior to the Class A expected final payment date will be as many months as is expected to be necessary for the accumulation of the Class A principal amount, but will not be more than twelve months or less than one month. The accumulation period will end on the first to occur of the following:

- the day before an early amortization period begins,
- the date on which the invested amount of the collateral certificate is reduced to zero, and
- the October 2014 distribution date, which is the legal maturity date.

If your Class A notes are not paid in full on the Class A expected final payment date, an early amortization event will occur, the early amortization period will begin and the Class A notes will begin to receive monthly payments of

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interest and principal until the first to occur of the following:

- the date on which they are paid in full,
- the date on which the invested amount of the collateral certificate is reduced to zero,
- the date on which the assets of the owner trust are fully liquidated after an event of default and acceleration of the outstanding principal amount of the notes, and
- the legal maturity date.

*For more information on the payment of principal of the Class A notes and the accumulation period, see Description of the Collateral Certificate Collateral Certificate Principal Payments and Application of Collections Payment of Principal and Description of the Notes Principal Payments and Distributions to Noteholders in this prospectus supplement.*

#### **Credit Enhancement**

Your Class A notes are credit enhanced through the subordination of the Subordinated Interests. Each month, the master trust will allocate a portion of net losses on the receivables in the master trust portfolio to the collateral certificate. Finance charge collections allocated to the collateral certificate ordinarily will be used to pay interest on the Class A notes, to fund the servicing fee with respect to the collateral certificate and then to cover the portion of net losses allocated to the collateral certificate.

If finance charge collections allocated to the collateral certificate are insufficient to make all required payments and reimbursements in any month, excess finance charge collections from other series issued by the master trust, if any, may be used to make required payments and reimbursements. If those amounts are not sufficient and TRC does not elect to apply excess transferor finance charge collections to cover those required payments and reimbursements or the amount of excess transferor finance charge collections applied is insufficient to cover those required amounts, principal collections allocated to the collateral certificate in an aggregate amount not to exceed the subordinated amount will be reallocated to make up shortfalls in amounts available to make interest payments on the Class A notes and pay the monthly servicing fee. The subordinated amount is equal to the difference between the invested amount of the collateral certificate and the outstanding principal amount of the Class A notes, but not less than zero. Any reallocation of principal collections allocated to the collateral certificate will result in a reduction in the invested amount of the collateral certificate. In addition, the invested amount of the collateral certificate will be reduced by:

- any investor defaulted amount allocated to the collateral certificate and not funded by collections of finance charge receivables and other amounts available to the collateral certificate to cover the investor defaulted amount, and
- any unpaid adjustment payment that TRC is required to but fails to make and that is allocated to the collateral certificate.

The Class A notes may suffer a loss of principal and shortfalls in interest payments if the subordinated amount is reduced to zero and there are shortfalls in collections of finance charge receivables and other amounts available to make interest payments and to cover the investor defaulted amount.

*For a more detailed description of the subordination provisions of the Subordinated Interests, see Description of the Notes Subordination in this prospectus supplement.*

#### **Allocations of Collections**

Each month the servicer will allocate collections among:

- the collateral certificate,
- other series of certificates issued and outstanding,



- the interests of any holders of participations in assets of the master trust, and

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- the transferor's interest in the master trust.

Generally, you are entitled to receive payments of interest and principal only from collections and other master trust assets allocated to the collateral certificate.

The amount allocated to the collateral certificate will be based generally upon the invested amount of the collateral certificate compared to the total amount of principal receivables in the master trust. The invested amount of the collateral certificate is the sum of:

- the initial invested amount of the collateral certificate, *plus*
- any increase in the collateral certificate principal amount in connection with the issuance of additional Class A notes and/or Subordinated Interests, *plus*
- the aggregate amount of reimbursement of investor charge-offs, *minus*
- principal payments made to the holder of the collateral certificate, *minus*
- the aggregate amount of investor charge-offs, *minus*
- the amount of any reduction in the invested amount of the collateral certificate due to the purchase and subsequent cancellation of notes by TRC or the owner trust.

On the closing date, the invested amount of the collateral certificate will be \$1,153,846,154, the Class A outstanding principal amount will be \$900,000,000 and the outstanding principal amount of the Subordinated Interests will be \$253,846,154.

During the accumulation period, collections of finance charge receivables allocated to the collateral certificate and the investor defaulted amount will be based upon the adjusted invested amount of the collateral certificate, which is equal to the invested amount of the collateral certificate less amounts accumulated in the principal funding account for the purpose of making payments to the Class A noteholders on the Class A expected final payment date.

If the invested amount of the collateral certificate is reduced due to investor charge-offs, collections of principal receivables and finance charge receivables allocated to the collateral certificate and available for payment on your notes may be reduced.

*For a more detailed description of the allocation percentages used for the collateral certificate, see Description of the Collateral Certificate Allocation Percentages in this prospectus supplement. For a description of the events which may lead to reductions in the invested amount of the collateral certificate, see Description of the Collateral Certificate Allocation Percentages and Reallocation of Cash Flows; Defaulted Receivables; Investor Charge-Offs in this prospectus supplement.*

#### **Application of Collections**

##### *Collections of Finance Charge Receivables*

Collections of finance charge receivables allocated to the collateral certificate will be used each month in the following order:

- to pay interest due and payable on the Class A notes for the related interest accrual period,
- to pay the monthly servicing fee,
- to cover the investor defaulted amount,
- to reimburse write downs of the invested amount of the collateral certificate due to investor charge-offs,

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- to pay interest, if any, on the Subordinated Interests,
- to fund the reserve account, if TRC, at its option, designates a reserve account funding date,
- to pay any other amounts required to be paid pursuant to the Indenture or any supplement to the Indenture, and
- to be applied as excess finance charge collections.

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*Collections of Principal Receivables*

So long as the subordinated amount is greater than zero, collections of principal receivables allocable to the collateral certificate, up to an amount equal to the subordinated amount, will be applied each month first to fund shortfalls, if any, in:

- interest payments on the Class A notes, and
- payments of the monthly servicing fee;

then collections of principal receivables allocable to the collateral certificate will be applied as follows:

- during the revolving period:

first, at the request of TRC, provided that rating agency confirmation is received, used to reduce the outstanding principal amount of the Subordinated Interests in an amount not to exceed the subordinated amount, and

second, treated as shared principal collections,

- during the accumulation period:

first, deposited up to the Class A controlled deposit amount in the principal funding account for the benefit of the owner trust for payment to the Class A noteholders on the Class A expected final payment date,

second, after the deposit in the principal funding account of an amount equal to the outstanding principal amount of the Class A notes, paid to the owner trust to be applied to pay principal of the Subordinated Interests until the subordinated amount has been paid in full, and

third, treated as shared principal collections, and

- during an early amortization period:

first, paid to the owner trust to be applied to pay principal of the Class A notes, until the Class A outstanding principal amount has been paid in full or the invested amount of the collateral certificate is reduced to zero,

second, paid to the owner trust to be applied to pay principal of the Subordinated Interests until the subordinated amount has been paid in full, and

third, treated as shared principal collections.

*For a more detailed description of the application of collections, see Description of the Collateral Certificate Application of Collections in this prospectus supplement.*

**Group I**

The collateral certificate is included in Group I and will share excess finance charge collections with other series in Group I. The series listed under *Other Series Issued and Outstanding* in this prospectus supplement is also included in Group I. Additional series issued by the master trust may be included in Group I or may be included in other groups that may be established.

*For more information on sharing of excess finance charge collections among series in Group I, see Description of the Collateral Certificate Sharing of Excess Finance Charge Collections in this prospectus supplement.*

**Shared Principal Collections**

The collateral certificate is a principal sharing series. The series listed under *Other Series Issued and Outstanding* in this prospectus supplement is also a principal sharing series. Each principal sharing series that has a principal shortfall will receive a portion of the total amount of shared

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principal collections based on the amount of the principal shortfall for that series divided by the total principal shortfalls for all principal sharing series.

*For more information on shared principal collections and principal sharing series, see Description of the Collateral Certificate Shared Principal Collections in this prospectus supplement.*

#### **Early Amortization Events**

The collateral certificate is subject to several early amortization events, which could cause principal to be paid on the collateral certificate, and thus on the Class A notes, prior to the Class A expected final payment date. If the collateral certificate or the master trust experiences an early amortization event, the early amortization period may begin. If the early amortization period begins, the Class A notes will receive monthly payments of principal and interest until the first to occur of the following:

- the date on which they are paid in full,
- the date the invested amount of the collateral certificate is reduced to zero,
- the date on which the assets of the owner trust are fully liquidated after an event of default and acceleration of the outstanding principal amount of the notes, and
- the legal maturity date.

Early amortization events may occur if TRC fails to make required deposits or payments, violates certain covenants and agreements or makes representations and warranties that are materially incorrect.

The following are also early amortization events:

- the average portfolio yield for any three consecutive months is less than the average base rate for those three consecutive months,
- the Class A outstanding principal amount is not paid in full on the Class A expected final payment date,
- bankruptcy, insolvency or similar events relating to TRC, the servicer, TCC or the holder of the transferor certificate, and
- the occurrence of an event of default and the acceleration of the outstanding principal amount of the notes under the indenture.

*For more information on early amortization events, see Description of the Collateral Certificate Application of Collections Payment of Principal and Early Amortization Events in this prospectus supplement.*

#### **Events of Default**

The Class A notes are subject to several events of default, which could cause principal to be paid on the Class A notes prior to the Class A expected final payment date. If an event of default occurs, the indenture trustee or the holders of a majority by outstanding principal amount of the notes, including any portion of the Subordinated Interests held by an entity other than TRC or its affiliates, may declare the notes to be immediately due and payable. General references in this prospectus supplement to notes or noteholder includes any portion of the Subordinated Interests held by an entity other than TRC or its affiliates and any holder thereof, as applicable. Notes or Subordinated Interests held by TRC or its affiliates are not entitled to vote. If the Class A notes are accelerated, the indenture trustee can:

- begin proceedings to collect amounts due from the owner trust,
- foreclose on the collateral certificate,

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- sell the collateral certificate and use the proceeds to pay the notes, and
- allow the owner trustee to continue to hold the collateral certificate and make principal payments of the notes from principal payments of the collateral certificate.

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The following are events of default under the indenture:

- principal of any class of notes is not paid in full on the legal maturity date,
- the owner trust fails to pay interest on any class of notes when due and the failure continues for 35 days,
- the owner trust becomes bankrupt or insolvent,
- failure to observe or perform any covenants or agreements under the indenture, which failure has a material adverse effect on noteholders, and
- the owner trust becomes subject to regulation as an investment company under the Investment Company Act of 1940.

*For more information on events of default, see Description of the Notes Events of Default and Rights Upon Event of Default in this prospectus supplement.*

#### Defeasance

On any date on which certain conditions described herein have been satisfied, the notes will no longer be entitled to the security interest of the indenture trustee in the collateral certificate and the collateral certificate will be released from the lien of the Indenture. Following defeasance of the notes, the owner trust will transfer the collateral certificate to TRC, the owner trust will no longer be entitled to receive payments from the master trust trustee in respect of the collateral certificate and payments of principal of and interest on the notes will be made primarily from amounts deposited into accounts established by the owner trust in connection with the defeasance of the notes.

*For more information on defeasance of the notes and the conditions required to be satisfied in connection therewith, see Description of the Notes Defeasance in this prospectus supplement.*

#### Optional Termination

TRC, as the holder of the transferor certificate, has the right to repurchase the collateral certificate, and thus cause an early repayment of the Class A notes, on any distribution date on or after the distribution date on which the outstanding principal amount of the Class A notes is less than or equal to 10% of the highest outstanding principal amount of the Class A notes at any time. The purchase price will be equal to the outstanding principal amount of the collateral certificate *plus* accrued and unpaid interest.

*For more information on optional termination, see Description of the Collateral Certificate Optional Termination in this prospectus supplement.*

#### **Federal Income Tax Characterization of the Class A Notes, Target Credit Card Owner Trust 2005-1 and the Target Credit Card Master Trust**

Skadden, Arps, Slate, Meagher & Flom LLP, special federal income tax counsel to TRC, will render the opinion, in connection with the issuance of the Class A notes and subject to the assumptions and qualifications stated in its opinion, that:

- under existing law the Class A notes will be classified as debt for U.S. federal income tax purposes, and
- neither the owner trust nor the master trust will be an association or publicly traded partnership taxable as a corporation for U.S. federal income tax purposes.

*For more information regarding the application of U.S. federal income tax laws, see Federal Income Tax Consequences in the attached prospectus.*



**ERISA Considerations**

Subject to important considerations described under *ERISA Considerations* in the attached prospectus, the Class A notes will be eligible for purchase by persons investing assets of employee benefit plans or individual retirement accounts.

*For more information regarding the application of ERISA, see ERISA Considerations in the attached prospectus.*

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**Risk Factors**

Investment in the Class A notes involves risks. You should consider carefully the risk factors beginning on page S-13 in this prospectus supplement.

**Registration, Clearance and Settlement**

The Class A notes offered by this prospectus supplement and the attached prospectus will be registered in the name of The Depository Trust Company or its nominee. The purchasers of those Class A notes will not be entitled to receive physical delivery of those Class A notes in definitive paper form except under limited circumstances. Owners of those Class A notes may elect to hold their Class A notes through The Depository Trust Company in the United States or through Clearstream Banking, *société anonyme*, or the Euroclear system in Europe. Transfers will be made in accordance with the rules and operating procedures of those clearing systems.

*For more information regarding registration, clearance and settlement procedures, see Description of the Notes General in this prospectus supplement and Description of the Notes in the attached prospectus.*

**Note Ratings**

Upon issuance, the Class A notes are required to be rated in the highest rating category by at least one nationally recognized rating organization. It is anticipated that the Class A notes will be rated Aaa by Moody's and AAA by Standard & Poor's.

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**Transaction Flow Chart**

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**Risk Factors**

You should consider carefully the following risk factors in deciding whether to purchase the Class A notes described in this prospectus supplement.

**Reduced collections of finance charge receivables or increased defaulted receivables could result in accelerated, delayed or reduced payments to you. Reduced collections of principal receivables or an inadequate amount of principal receivables could result in accelerated, delayed or reduced payments to you.**

If the average portfolio yield, which is net of defaulted receivables, for any three consecutive months is less than the average base rate for the same three consecutive months, an early amortization event will occur and the early amortization period will begin. This could result in accelerated, delayed or reduced payments to you.

Reductions in collections of principal receivables may cause the period necessary to repay the collateral certificate and, as a result, your Class A notes to extend beyond the Class A expected final payment date. In addition, an inadequate amount of principal receivables could result in an early amortization event, thereby resulting in early or delayed repayment or reduced payments of principal to the owner trust as holder of the collateral certificate and, as a result, on your Class A notes.

The receivables transferred to the master trust may be paid at any time. We cannot assure the creation of additional receivables in the master trust accounts or that any particular pattern of cardholder payments will occur. The amount of outstanding receivables will vary due to changes in credit terms and conditions, seasonal variations, the availability of other sources of credit, legal factors, general economic conditions, and the spending and borrowing habits of individual cardholders.

We can give you no assurance that sufficient collections of principal receivables will be available when expected, either to accumulate during the accumulation period or to pay to the owner trust as holder of the collateral certificate to be used to pay principal of the Class A notes on the Class A expected final payment date. Collections of principal receivables may or may not be constant from month to month or be similar to historical experience. The monthly principal payment rates on the receivables may vary due to any of the following: cardholders failing to make required minimum payments, cardholders paying only the minimum required amount, variations in the master trust portfolio receivables balance and changing payment habits of the cardholders. This could result in accelerated, delayed or reduced payments to you.

**Allocations of defaulted receivables could result in reduced payments to you.**

Target National Bank will write off defaulted receivables arising in accounts in the master trust portfolio. If the amount of defaulted receivables allocated to the collateral certificate exceeds the amount of funds available for reimbursement of those defaulted receivables, the owner trust as holder of the collateral certificate may not receive the full amount of principal and interest due to it and you may receive reduced payments on your Class A notes. See *Target National Bank's Credit Card Business Delinquency and Collections Procedures for Target National Bank Credit Cards, The Master Trust Portfolio Delinquency Experience and Charge-Off Rate Experience, Description of the Notes Subordination, and Description of the Collateral Certificate Application of Collections and Reallocation of Cash Flows; Defaulted Receivables; Investor Charge-Offs* in this prospectus supplement.

**Limited credit enhancement provided by the Subordinated Interests could result in reduced payments to you.**

The credit enhancement provided for your Class A notes from the subordination of the Subordinated Interests is limited. The Class A notes may suffer a loss of principal and shortfalls in interest payments if the subordinated amount is reduced to zero and there are shortfalls in collections of finance charge receivables and other amounts available to make interest payments on the Class A notes and to cover the investor defaulted amount. This could result in reduced payments to you. See *Description of the Notes Subordination* in this prospectus supplement.

**A change in the terms and conditions of the accounts may reduce the amount of receivables arising under the accounts, reduce the portfolio yield, reduce the amount of collections on those receivables or otherwise alter payment patterns and could result in accelerated, delayed or reduced payments to you.**

Target National Bank will sell receivables arising under specified credit card accounts to TCC which will sell those receivables to TRC. TRC will transfer those receivables to the master trust, but Target National Bank will continue to own the credit card accounts. As the owner of the accounts, Target National Bank retains the right to change account terms and conditions, including finance charges and other fees it charges and the required minimum monthly payment. For example, in 2005 Target National Bank began assessing finance charges at a prime based floating rate instead of a fixed rate on a majority of accounts. Certain changes in the terms of the accounts may reduce the amount of receivables arising under the accounts, reduce the portfolio yield, reduce the amount of collections on those receivables or otherwise alter payment patterns. Payments to the owner trust on the collateral certificate and, therefore, payments to you could be accelerated, delayed or reduced as a result of these changes. The credit card industry is highly competitive. As the issuer of Target VISA, Target National Bank competes with other issuers of VISA credit cards and with issuers of MasterCard, American Express, Discover Card and other credit cards and charge cards, as well as issuers of debit cards. As new issuers enter the market and existing issuers try to expand their market share, effective advertising, target marketing, pricing and technology related strategies grow in importance. The ability of Target National Bank to compete in this industry environment will affect its ability to generate new accounts and receivables and might also affect payment patterns on the receivables. This could result in accelerated, delayed or reduced payments to you.

**Competition in the credit card and debit card industry could impact Target National Bank's ability to generate new accounts and receivables and might also affect payment patterns on the existing receivables which could result in accelerated, delayed or reduced payments to you.**

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**Fluctuations in the rate of receivables growth and principal payment rates due to the dependence on Target stores could result in accelerated, delayed or reduced payments to you.**

**TRC may not be able to add accounts to the master trust. This could result in accelerated, delayed or reduced payments to you.**

**Currently, all new accounts are automatically designated as additional accounts. These additional accounts may have different terms and conditions and may be of lower credit quality than existing accounts. This could result in accelerated, delayed or reduced payments to you. If any rating of the Class A notes is lowered or withdrawn, the market value of the Class A notes could decrease.**

Retailing is highly competitive. Target stores compete not only with other discount and general merchandise stores in the areas in which they operate but also with direct marketers and numerous types of retail outlets, including online retailers. Target stores currently accept most major credit cards and related debit cards. Target's ability to compete in this environment will affect its ability to generate new receivables from Target National Bank credit cards, including Target VISA to the extent it is used for purchases in Target stores, and might also affect payment patterns on those receivables. Target stores may not be able to continue generating new receivables at the same rate as in previous years. Target may decide at any time to sell all or any portion of its business or assets. A significant decline in the amount of new receivables generated by the accounts in the master trust or a decline in the principal payment rate could result in reduced collections. This could result in accelerated, delayed or reduced payments to you.

If TRC's percentage interest in the principal receivables and certain accounts in the master trust falls to a minimum level, currently set at 2%, TRC will be required to maintain that level of interest in the master trust assets by designating additional accounts for the master trust portfolio and transferring the receivables in those accounts to the master trust. TRC may not be able to designate additional accounts when required. If TRC fails to designate additional accounts when required, an early amortization event will occur and the early amortization period will begin. This could result in accelerated, delayed or reduced payments to you. *See The Pooling and Servicing Agreement Addition of Master Trust Assets in the attached prospectus.*

So long as certain conditions are satisfied, TRC currently intends to automatically designate all new accounts as additional accounts and transfer the receivables in those accounts to the master trust. Credit card accounts purchased by Target National Bank and originated by other credit card originators may also be included as additional accounts if certain conditions are satisfied. Any additional accounts may have different terms and conditions than the accounts currently designated to have their receivables included in the master trust. These additional accounts and the related receivables may perform differently than the current accounts and receivables already included in the master trust. This could result in accelerated, delayed or reduced payments to you. Any rating of the Class A notes by a rating agency will indicate:

- its view on the likelihood that Class A noteholders will receive timely payments of interest and payments of principal by the legal maturity date, and
- its evaluation of the receivables and the availability of any enhancement for the Class A notes provided by the subordination of the Subordinated Interests.

Among the things a rating will not indicate are:

- the likelihood of payment in full of the Class A notes by the Class A expected final payment date,
- the likelihood that an early amortization event will occur,
- the marketability of the Class A notes,
- the market price of the Class A notes,
- the likelihood that a United States withholding tax will be imposed on non-U.S. noteholders, or
- whether the Class A notes are an appropriate investment for you.

Rating agencies other than those requested could assign a rating to the Class A notes and that rating could be lower than any rating assigned by a rating agency chosen by TRC.

A rating is not a recommendation to buy, sell or hold the Class A notes. A rating may be lowered or withdrawn at any time by a rating agency. The market value of the Class A notes could decrease if any rating of the Class A notes is lowered or withdrawn.

The underwriters may assist in resales of your Class A notes but they are not required to do so. A secondary market for the Class A notes may not develop. If a secondary market does develop, it might not continue or it might not be sufficiently liquid to allow you to resell any of your Class A notes.

The owner trust will not have any significant assets for the benefit of your notes other than the collateral certificate, the note distribution account and, if the notes are defeased, any accounts established by the owner trust in connection with the defeasance. As a result, you must rely only on those assets for repayment of your notes. Although the owner trust may be required to sell the collateral certificate following an event of default, there can be no assurance that the proceeds of a sale of the collateral certificate will be sufficient to pay the interest or principal due to you. Additionally, the sale of the collateral certificate is subject to restrictions on transfer that may delay the payment on your notes.

**You may not be able to resell your Class A notes.**

**Repayment of your notes is limited to the owner trust's assets.**

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**If Target National Bank, TCC or TRC breaches representations and warranties relating to the receivables, it could result in accelerated, delayed or reduced payments to you.**

**Changes to consumer protection laws may impede Target National Bank's collection efforts or alter the timing or amount of collections. This could result in accelerated, delayed or reduced payments to you.**

Target National Bank represents and warrants to TCC, TCC represents and warrants to TRC and TRC represents and warrants to the master trust, the eligibility, validity and enforceability of the receivables arising under the accounts in the master trust portfolio, and the perfection and priority of the security interest in the transferred receivables. Neither the indenture trustee nor the master trust trustee makes any examination of the receivables or the related records for the purpose of determining the presence or absence of defects, compliance with representations or warranties, or for any other purpose. If a representation or warranty relating to the receivables is violated, the cardholders may have defenses to payment or offset rights, or creditors of Target National Bank or TCC, as the case may be, may claim rights to these receivables. This could result in accelerated, delayed or reduced payments to you. *See The Pooling and Servicing Agreement and The Bank Receivables Purchase Agreement and the Receivables Purchase Agreement in the attached prospectus.*

Federal and state consumer protection laws regulate the creation and enforcement of consumer loans, including credit card accounts and receivables. Changes or additions to those laws or failure to comply with those laws could make it more difficult for Target National Bank to collect payments on the receivables or could reduce the finance charges and other fees that Target National Bank can charge on credit card account balances, or could render some receivables uncollectible. Receivables which arise under accounts that do not comply with consumer protection laws may not be valid or enforceable in accordance with their terms against the obligor on those receivables. This could result in accelerated, delayed or reduced payments to you. *See The Pooling and Servicing Agreement Representations and Warranties, The Bank Receivables Purchase Agreement and the Receivables Purchase Agreement and Legal Aspects of the Receivables Consumer Protection Laws in the attached prospectus.*

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**Regulatory action could result in delayed or reduced payments to you.**

Federal and state banking agencies have broad enforcement powers over Target National Bank. If the appropriate banking agency were to find that any securitization agreement of Target National Bank, the master trust or the owner trust, or the performance of any obligation under such an agreement, constitutes an unsafe or unsound practice or violates any law, rule, regulation, or written condition or agreement applicable to Target National Bank, that banking agency has the power to order Target National Bank, among other things, to rescind that agreement, refuse to perform that obligation, terminate that activity, or take such other action as that banking agency determines to be appropriate. If an appropriate banking agency did reach such a conclusion, and ordered Target National Bank to rescind or amend its securitization agreements, payments to you could be delayed or reduced, and Target National Bank may not be liable to you for contractual damages for complying with such an order and you may not have any legal recourse against the appropriate banking agency. *See Legal Aspects of the Receivables Certain Regulatory Matters in the attached prospectus.*

**The proposed implementation of new minimum payment requirements could increase delinquency and net charge-off rates in the accounts included in the master trust portfolio, resulting in accelerated, delayed or reduced payments to you.**

In January 2003, the Federal Financial Institutions Examination Council, referred to herein as the FFIEC, issued guidelines regarding account management, risk management and loss allowance practices for institutions engaged in credit card lending. The Office of the Comptroller of the Currency, referred to herein as the OCC, has recently provided new interpretive guidance to Target National Bank and other OCC regulated banks with respect to the FFIEC's guidelines that will result in an increase in the minimum payments due on a portion of the Target VISA and Target Card accounts when fully implemented by Target National Bank. The OCC guidance is intended to be responsive to concerns raised by the FFIEC that credit card lenders should require minimum payments that amortize outstanding account balances over a reasonable period of time. By December 31, 2005, in response to the OCC guidance, a new minimum payment is expected to be implemented for Target VISA accounts and, in 2006, Target National Bank expects to implement a new minimum payment due for Target Card accounts. *See Target National Bank's Credit Card Business Terms of Accounts in this prospectus supplement.*

These changes in minimum payments are likely to result in a near-term increase in delinquencies and charge-offs in the accounts in the master trust portfolio. Target National Bank is unable to predict at this time the magnitude of that increase or its long-term impact, if any, on portfolio performance. Any negative impact on portfolio performance may result in accelerated, delayed or reduced payments to you.

**Insolvency or bankruptcy of Target National Bank, TCC or TRC could result in accelerated, delayed or reduced payments to you.**

Target National Bank owns the credit card accounts under which the receivables arise. If Target National Bank becomes insolvent or is in an unsound financial condition, the Comptroller of the Currency is authorized to appoint the FDIC as receiver. Under these circumstances, the FDIC would have the statutory authority to take any of the following actions:

- require the master trust trustee to go through an administrative claims procedure under which the FDIC could have up to 180 days to determine the master trust trustee's right to payments collected on the receivables in the master trust,
- request a stay of up to 90 days of any judicial action or proceeding involving Target National Bank, and
- repudiate any contract of Target National Bank within a reasonable time following the date of receivership and limit the master trust's resulting claim to actual direct compensatory damages not including lost profits or opportunity measured as of the date of receivership, not the date of payment.

If the FDIC were to take any of these actions, your payments could be accelerated, delayed or reduced. See *Legal Aspects of the Receivables Matters Relating to Bankruptcy or Receivership* in the attached prospectus.

The receivables in which the owner trust has an interest are conveyed to the master trust by TRC. TRC acquires them from TCC which in turn acquired the receivables from Target National Bank. The conveyances from Target National Bank to TCC and from TCC to TRC are intended to be treated as sales. However, a court could conclude that TCC or Target National Bank still owns the receivables and has only conveyed a security interest in the receivables. The receivables may then be subject to tax or other governmental liens and to administrative expenses of the bankruptcy or bank receivership proceeding of a predecessor in interest of those receivables. Also, a bankruptcy trustee or a creditor may attempt to cause TRC to be substantively consolidated with a predecessor in interest of the receivables. Recharacterization of the conveyance of the receivables as a pledge or substantive consolidation can delay or reduce payments to the owner trust as holder of the collateral certificate and, therefore, to you.

The FDIC, as conservator or receiver, would have the statutory authority to repudiate any contract of Target National Bank. This authority may permit the FDIC to repudiate the transfers of receivables to TCC. Under an FDIC regulation, however, the FDIC, as conservator or receiver, would not use its repudiation authority to reclaim, recover or recharacterize financial assets, such as the receivables, transferred by a bank if certain conditions are met. These conditions include that the transfer by Target National Bank must qualify for sale accounting treatment, be made for adequate consideration, and not be made fraudulently, in contemplation of insolvency, or with the intent to hinder, delay or defraud the bank or its creditors. Target National Bank believes that this FDIC regulation applies to the transfer of receivables under the bank receivables purchase agreement and that the conditions of the regulation have been satisfied.

If specified events related to the conservatorship or receivership of Target National Bank, or the bankruptcy or insolvency of TCC or TRC were to occur then an early amortization event would occur for all outstanding series and new principal receivables would cease to be transferred to the master trust. The FDIC, as conservator or receiver, may nonetheless have the power regardless of the terms of the bank receivables purchase agreement, the receivables purchase agreement, or the pooling and servicing agreement:

- to prevent the beginning of an early amortization period,
- to require new principal receivables to continue to be sold by Target National Bank to TCC, or
- to prohibit the continued transfer of receivables to TCC.

In addition, the FDIC, as conservator or receiver, may have the power to prevent the master trust trustee or the certificateholders (including the owner trust as holder of the collateral certificate) from appointing a new servicer under the pooling and servicing agreement. The events described in this paragraph could result in accelerated, delayed or reduced payments to you.

**Issuance of additional series of certificates by the master trust may result in delayed or reduced payments to you.**

The master trust has issued series of certificates other than the collateral certificate and is expected to issue additional series from time to time. The master trust may issue additional series with terms that are different from the terms of the collateral certificate without the prior review or consent of the owner trust as holder of the collateral certificate. It is a condition to the issuance of each new series that each rating agency that has rated an outstanding series of certificates or notes confirm in writing that the issuance of the new series will not result in a reduction or withdrawal of its rating on such certificates or notes. However, the terms of a new series could affect the timing and amount of payments on any other outstanding series and may result in delayed or reduced payments to you. See *Description of the Certificates New Issuances* in the attached prospectus.

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**Shortfalls in investment earnings on amounts deposited in the special funding account and the principal funding account could result in accelerated or reduced payments to you.**

**You will have limited control of master trust or owner trust actions.**

Any amounts deposited in the special funding account or in the principal funding account will be invested in investments earning a rate that is likely to be less than the yield from collections of finance charge receivables and that is likely to be less than the base rate. Excess transferor finance charge collections will and any amounts on deposit in a reserve account may be used to fund shortfalls in investment earnings on amounts in the principal funding account during the accumulation period; however, there can be no assurances that these funds will be available or sufficient to cover shortfalls in investment earnings. Shortfalls in investment earnings may result in the occurrence of an early amortization event and the commencement of the early amortization period. This could result in accelerated or reduced payments to you.

You will have limited voting rights relating to actions of the owner trust and the indenture trustee. You will not have the right to vote to direct the master trust trustee to take any actions other than the right to vote to commence an early amortization period or declare a servicer default. Moreover, actions taken or not taken by controlling certificateholders may be contrary to the actions that you determine to be in your best interest. In general, any voting right to which the owner trust, as holder of the collateral certificate, is entitled to exercise in respect of master trust actions will be passed through to noteholders. In such cases, holders of the same proportion of notes, by outstanding principal amount, as that specified for the applicable certificates will have a right to direct the exercise of the vote by the owner trust in respect of the collateral certificate.

During the revolving period, TRC may increase the outstanding principal amount of the collateral certificate, the Class A notes and the Subordinated Interests. If the conditions precedent described in this prospectus supplement are satisfied, TRC may also sell the Subordinated Interests to affiliates or third parties. Holders of the Subordinated Interests who are not affiliates of TRC will have a right to vote with Class A noteholders, as a single class, on any matter on which Class A noteholders have a right to vote, unless such right is expressly limited to Class A noteholders. Any such increase in the outstanding principal amount of the Class A notes or Subordinated Interests and any transfer of the Subordinated Interests to an entity that is not an affiliate of TRC may dilute your voting rights. *See Description of the Collateral Certificate Increases in the Principal Amount of the Collateral Certificate and Description of the Notes Transfer of the Subordinated Interests in this prospectus supplement.*

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This prospectus supplement and the attached prospectus use defined terms. Any capitalized term used but not defined in this prospectus supplement is defined in the attached prospectus. Both the attached prospectus and this prospectus supplement contain a glossary of important terms where definitions can be found.

### Target National Bank's Credit Card Business

Effective July 8, 2004, receivables originated on Marshall Field's and Mervyn's private label credit cards were removed from the master trust in connection with Target's sale of these receivables and related accounts and retail operations. All numerical portfolio information in this prospectus supplement reflects the removal of Marshall Field's and Mervyn's receivables balances for all periods.

Target National Bank's credit card business is comprised of Target VISA and Target Card, as described in the table below.

Target National Bank Credit Cards	Composition of Receivables in Target National Bank's Credit Card Portfolio							
	as of September 30, 2005		as of December 31, 2004		as of December 31, 2003		as of December 31, 2002	
Target VISA	89	%	87	%	85	%	83	%
Target Card	11	%	13	%	15	%	17	%

### Target VISA

The pilot introduction of Target VISA in the fall of 2000 was focused on leveraging Target National Bank's credit card operations to strengthen the loyalty of Target's higher credit quality guests. The approaches to account acquisition, credit-granting and the features of Target VISA were tailored to encourage guests to both shop more frequently at Target stores and purchase more on each visit. Accordingly, the primary origination channel was to substitute Target VISA for the Target Cards of qualifying account holders. Target VISA is accepted by Target stores as well as by other merchants and service providers throughout the VISA network.

In the fall of 2001, Target VISA was rolled out nationally with the conversion of approximately 4 million qualifying and primarily active Target Card accounts to Target VISA accounts. Additional conversions occurred in the fall of 2002, 2004 and 2005 for 1.6 million, 1.4 million and 600 thousand accounts, respectively.

Since the national rollout, expanding existing relationships with Target's higher credit quality guests continues to remain the focus of Target VISA. New Target VISA accounts have been generated through applications offered at Target stores and online through the Target website. In the future, Target National Bank expects to continue to originate new Target VISA accounts and may convert select existing Target Card accounts to Target VISA accounts as these accounts meet Target VISA underwriting standards. As a result, Target VISA accounts may over time constitute a somewhat greater portion of the accounts designated to have their receivables included in the master trust.

Target VISA cardholders may currently use their Target VISA for purchases and cash advance transactions. Cardholders make purchases when using their Target VISA to buy goods or services. A cash advance is made when Target VISA is used to obtain cash from a financial institution or an automated teller machine to draw against the cardholder's credit line. The majority of accounts are limited to cash advances up to 15% of their credit line, although certain low risk accounts are allowed cash advances up to 50% of their credit line. Target National Bank may from time to time offer additional credit card features or issue credit cards on other networks.

### **Private Label Credit Card Business (Target Card)**

Currently, Target's private label credit card, Target Card, is used to purchase products from Target stores and online through the Target website at [www.target.com](http://www.target.com). New Target Card accounts are generated through applications offered at Target stores and online through the Target website. Target National Bank may test and introduce new private label credit card products from time to time. Credit cards issued by Target National Bank in the future may contain terms different from Target National Bank's current credit cards.

### **Marketing Programs and Account Origination**

*Account Origination.* Over 96% of all new account originations in 2004 were the result of in-store origination channels. The primary vehicle that Target National Bank uses for in-store account origination is instant credit. Applicants provide information, including name, address and social security number, which allows the credit underwriting system to access their credit history and to score their applications. For identification purposes, applicants must also present a valid picture identification and major credit card. Another vehicle that Target National Bank uses for account origination is the use of Take-One applications that are available to Target store guests. Target National Bank also originates new accounts through online applications submitted through the Target website.

Guests of Target stores can apply for a Target Card or a Target VISA. A Target VISA applicant is automatically considered for a Target Card if the applicant's credit history does not meet requirements for the Target VISA. Currently, somewhat more than half of all newly approved accounts are Target Card accounts, with the remainder being Target VISA.

*New Accounts.* Application information on all new accounts is entered into a new account processing system. Each application is source-coded to allow future tracking of activation rates, sales trends, delinquencies and charge-offs for various new account sources and promotional programs. Opening a new credit card account may entitle the cardholder to discounts on purchases.

For approved applications, the account is automatically established and a credit card is generated and mailed to the new cardholder. For instant credit accounts, a temporary card is also issued which can be used immediately for purchases.

*Stimulation of Account Usage.* Target National Bank and Target stores operate various account loyalty and purchase frequency reward programs. Target encourages Target Card and Target VISA usage by contributing a specified percentage of cardholder purchases to the cardholder's designated K-12 school. Account usage is also stimulated for Target VISA and Target Card by rewarding cardholders with discounts on future purchases. Additional account loyalty and reward programs may be used in the future.

*Optional Balance Protection.* Target Card and Target VISA cardholders are offered an optional balance protection program called SafetyNet. Under this program, the protected portion of an account balance is cancelled in qualifying cases of disability, unemployment, leave of absence, hospitalization, nursing-home care, or loss of life. Balance cancellations are considered credit adjustments for purposes of the master trust. See *Description of the Certificates Dilution* in the attached prospectus. Fees for this program are treated as Principal Receivables.

### **Target National Bank's Underwriting Processes and Authorizations**

*Account Underwriting and Credit Guidelines.* Target National Bank develops or adopts systems and specifications for underwriting and authorizations. It contracts with Target for services, including the implementation of these systems and of the underwriting and authorization specifications. Target National Bank's underwriting process involves the purchase of credit bureau information. Target National Bank obtains credit reports from Experian, Inc., Equifax Credit Information Services, Inc., Trans Union Corp.



and other reporting agencies as appropriate. Individual credit bureau selection is based on the applicant's mailing address and the perceived strength of each credit bureau service in that geographic region. The information obtained is electronically fed into proprietary scoring models developed for Target National Bank to calculate a credit score. These proprietary models are used along with other bureau information, including generic risk scores offered by the credit bureaus, to make approval, interest rate and credit limit assignment decisions. Target National Bank periodically analyzes performance trends of accounts originated at different score levels as compared to projected performance, and adjusts the minimum score or the opening credit limit to manage risk. Different scoring models may be used depending upon bureau type, account source and type of credit card. All new Target VISA accounts are underwritten by Target National Bank using credit scores from FICO, Inc. and proprietary scoring models. All Target VISA accounts converted from Target Card accounts are re-underwritten by Target National Bank using updated credit bureau information.

*Ongoing Credit Monitoring.* To control the quality of its portfolio of credit cards, Target National Bank currently uses an adaptive control system in conjunction with statistical scoring models to evaluate each active account on its monthly cycle date. The models are used with other factors such as delinquency status, time on books and utilization to evaluate whether or not credit limits should be increased or decreased. If a credit limit change is warranted, based on this strategy, the change is made effective immediately.

Up to three types of scoring models are used for credit monitoring and strategy settings:

- **Internal behavior score:** Incorporates payment and usage behavior to predict the likelihood of an account going three or more cycles past due over the next six to twelve months. Internal models are customized at the product level to evaluate specific factors and their respective weighting. Scores are refreshed every month at billing.
- **External credit bureau score:** Reviews utilization, payment patterns and other behavior with external credit grantors to predict the likelihood of an account going two or more cycles past due over the next twelve months. All active accounts within the portfolio receive refreshed scores on a quarterly basis. In addition, active accounts are continuously monitored at the credit bureau and high risk behavior is reported on a daily basis through a trigger process. This daily report includes updated risk scores and specific credit bureau attributes that are integrated into the credit monitoring process.
- **External bankruptcy score:** Includes transactional information from other credit card issuers to predict the likelihood of an account holder filing for bankruptcy within the next twelve months. All active Target VISA accounts receive refreshed scores on a monthly basis. In addition, Target VISA accounts previously assigned low-risk status that have migrated to high-risk status are refreshed on a daily basis.

Credit monitoring also includes segmentation and trend analysis to identify opportunities that may increase profitability. Standard analysis includes acquisition channel performance, risk score migration, utilization patterns, geographic variances and early stage delinquency trends. Opportunities are evaluated to determine the impact on both credit losses and revenues before they are implemented.

*Credit Authorization.* For Target Card, point-of-sale terminals in Target stores have an online connection with Target National Bank's credit authorization system and allow real-time updating of accounts. Every sales transaction is passed through a proprietary authorization system which looks at a variety of behavioral and risk factors to determine whether each transaction should be declined, approved or referred for further review.



For Target VISA, the TSYS (TSYS, Inc.) system is used in conjunction with adaptive control software to allow account authorization decisions to be made in real-time. The system looks at a variety of behavioral factors and predictive scoring models to set risk based authorization parameters.

*Fraud Prevention.* Target Financial Services provides fraud prevention and detection services to Target National Bank. The TFS Fraud Prevention team monitors several types of transactions and contacts cardholders to confirm whether the account activity is authorized. The team uses industry-standard neural network scoring tools and observed rules to determine transactions that appear suspicious and require confirmation. In addition, the team works closely with Target National Bank in identifying and reviewing suspicious account applications, and leads the research efforts of all national fraud alerts.

#### **Servicing of Accounts**

Target National Bank performs the majority of full application new account data entry, review of new account worklists, billing statement preparation and mailing, the production and mailing of credit cards, the mailed communication of adverse credit decisions, and the mailing of collection letters at its offices in Sioux Falls, South Dakota. Credit card production and mailing of Target VISA are also performed at Target Financial Services facility in Tempe, Arizona. Credit card production at both sites is performed in a secure environment, including a separately alarmed secure area and audit procedures that are designed to maintain an accurate count of all cards produced, stored, destroyed and mailed.

An internal credit system supports the Target Card accounts by housing all guest account information, providing data interfaces for guest service and collections functions, enabling various credit account management functions (such as automated bill calculation and generation) and interfacing with other key systems. Such systems include Accounts Receivable, Collections, Credit Authorization, Point-of-Sale and Remittance Processing. These interfaces facilitate all key account maintenance and reconciliation functions. TSYS is currently under contract to provide similar account maintenance functions for Target VISA accounts. Target currently plans to move the Target Card from internal system support to the TSYS system in 2006.

Target National Bank sends monthly billing statements to cardholders. Statement mailing is highly automated, utilizing pre-sorting, bar coding and an on-site postal representative to increase efficiency. The billing statements present the total amount due and show the allocation among current fees, current finance charges and the minimum payment due. Under the account agreement and as allowed by law, late fees, returned check fees and other applicable fees may also be added to a cardholder's outstanding balance. No issuance or annual fees are presently charged to any cardholders. The processing of cardholder remittances is serviced by Target Financial Services in Minneapolis, Minnesota using automated payment processing equipment and systems.

#### **Terms of Accounts**

In March 2005 and May 2005, respectively, a majority of Target VISA and Target Card account terms were changed to a variable rate APR. The annual periodic finance charge rate is a prime based variable rate except for Target VISA and Target Card accounts opened after October 2003 and April 2004, respectively, which remain fixed, but are expected to be changed to a variable rate during 2006 and 2007. The fixed rate for the Target Card is between 21.0% to 21.6% and for the Target VISA is between 9.9% to 18.9% for purchases and 18.9% to 21.9% for cash advances. The variable rate for the Target Card is prime *plus* 15.99%. For Target VISA, the variable rate is prime *plus* a margin between 4.99% and 16.99% for purchases and a variable rate of prime *plus* 16.99% for cash advances. To date, there has been no material change in card usage or account terminations as a result of such changes in account terms. Target National Bank may change its finance charge rates at any time at its discretion, subject to applicable law. Late payment fees of \$20 to \$25 on Target Card accounts and a tiered structure of \$15, \$29 or \$35 based on

balance on Target VISA accounts are assessed each month on accounts that are delinquent in payment. In addition to late payment fees, the annual periodic finance charge rate may increase if the account is delinquent. Target National Bank from time to time tests different rate structures.

Finance charges for Target National Bank credit card accounts are calculated by multiplying the daily outstanding balance during a billing period by the daily periodic rate and adding these daily calculations together, subject to a minimum finance charge. Periodic finance charges on Target VISA cash advances are assessed from the date of the advance with no grace period. All other periodic finance charges are assessed from the date of purchase, although a grace period of approximately 25 to 30 days applies on purchases if the account is paid in full by the due date.

In January 2003, the FFIEC issued guidelines regarding account management, risk management and loss allowance practices for institutions engaged in credit card lending. The OCC has recently provided new interpretive guidance to Target National Bank and other OCC regulated banks with respect to the FFIEC's guidelines that will result in an increase in the minimum payments due on a portion of the Target VISA and Target Card accounts when fully implemented by Target National Bank. The OCC guidance is intended to be responsive to concerns raised by the FFIEC that credit card lenders should require minimum payments that amortize outstanding account balances over a reasonable period of time. Currently, Target Card accounts have a minimum payment of either the greater of \$10 or 5% of the outstanding balance or the greater of \$20 or 10% of the outstanding balance. The Target VISA accounts have a minimum payment of the greater of \$10 or 2.5% of the outstanding balance. By December 31, 2005, in response to the OCC guidance, a new minimum payment is expected to be implemented for Target VISA accounts which will equal the greater of (a) \$10 or (b) the sum of the following: 1% of the new balance, any periodic finance charges, any returned check fees, and any late payment fees. In 2006, Target National Bank expects to implement a similar minimum payment due for Target Card accounts. These changes in minimum payment are likely to result in a near-term increase in delinquencies and charge-offs in the accounts in the master trust portfolio, although Target National Bank is unable to predict at this time the magnitude of that increase or its long-term impact, if any, on portfolio performance.

#### **Delinquency and Collections Procedures for Target National Bank Credit Cards**

Efforts to collect delinquent receivables are made for Target National Bank by the Target Financial Services collection department, collection agencies and outside attorneys. The collection department consists of approximately 600 full-time equivalents. New collectors undergo training which includes courses in professional debt collection, collection laws and regulations and negotiating skills. These courses are also available on a refresher basis for experienced collectors. Approximately 1,900 accounts per month are referred to various law firms to assist in collection efforts.

An account is considered delinquent if the minimum payment due is not received by the billing due date. At that time, the account is given a status of one day delinquent. Under current policies, a message requesting payment is printed on a cardholder's billing statement after a scheduled payment has been missed. Soon after an account becomes delinquent, a proprietary collection model automatically scores the risk of the account and assigns a collection strategy to the account. The strategy dictates the contact schedule and collections priority for the account.

Accounts which become 180 days delinquent are charged off. However, subject to regulatory standards, Target National Bank has the ability, but not the obligation, to re-age accounts during delinquency if the obligor demonstrates a willingness and ability to repay by making at least three consecutive minimum payments and other conditions are satisfied. When Target National Bank receives notice of the bankruptcy of an obligor for an account, that account is charged off at the beginning of that account's next billing cycle.

**The Master Trust Portfolio**

**General**

The master trust portfolio includes credit card receivables generated through accounts originated by Target National Bank that TRC has designated as master trust accounts.

The master trust accounts consist of:

- accounts which were designated as master trust accounts when the master trust was initially established,
- Automatic Additional Accounts designated upon creation as master trust accounts since the establishment of the master trust, and
- Supplemental Accounts which have been designated as master trust accounts after they were created and since the establishment of the master trust.

All new accounts originated since the establishment of the master trust have been designated as Automatic Additional Accounts. To date, no Supplemental Accounts have been designated as master trust accounts. TRC is permitted to designate accounts, provided that certain conditions are satisfied, and at times is required to designate accounts, the receivables of which will be added to the master trust. TRC can designate accounts, the receivables of which will be removed from the master trust, if the conditions to removal are satisfied. As a result, the composition of the master trust is expected to change over time.

The following information reflects the historical performance and composition of the master trust portfolio of credit card accounts. For the Charge-Off Rate Experience , Principal Payment Rate Experience and Master Trust Portfolio Yield Experience tables below, references to monthly periods mean calendar months.

The following information excludes historical data for accounts originated at Marshall Field s and Mervyn s. Receivables in these accounts were removed from the master trust on July 8, 2004 in connection with the sale of the related retail entities by Target.

Performance trends shown in the following tables reflect the seasoning of the master trust portfolio following the national rollout of the Target VISA in the fall of 2001, the improving credit quality of the portfolio and overall industry trends.

**Principal Receivables Outstanding**

The following table provides the amount of Principal Receivables Outstanding as of the indicated dates. In the following table:

- Principal Receivables Outstanding means the aggregate amount of principal receivables outstanding at the end of the period shown.

**Principal Receivables Outstanding  
for Master Trust Portfolio  
(Dollars in Thousands)**

	As of September 30,				As of December 31,			
	2005		2004		2004	2003	2002	
Principal Receivables Outstanding		\$ 5,313,443		\$ 4,697,447	\$ 5,451,036	\$ 4,966,718		\$ 4,502,858

**Delinquency Experience**

The following table provides the delinquency experience for the master trust portfolio as of the indicated dates. In the following table:

- **Number of Days Delinquent** means the number of days following the original billing due date. For example, 30 to 59 days delinquent means that the minimum payment has not been received and that between 30 and 59 days have elapsed since the original billing due date,
- **Delinquent Amount** represents the outstanding amount of total receivables that are delinquent in each delinquency category at the end of the period shown, and
- the percentages result from dividing the **Delinquent Amount** by the total receivable balances at the end of the month.

**Delinquency Experience  
for Master Trust Portfolio  
(Dollars in Thousands)**

Number of Days Delinquent	As of September 30, 2005		2004		As of December 31, 2004		2003		2002	
	Delinquent Amount	Percent	Delinquent Amount	Percent	Delinquent Amount	Percent	Delinquent Amount	Percent	Delinquent Amount	Percent
30 to 59 Days	\$ 90,673	1.66 %	\$ 82,437	1.71 %	\$ 82,440	1.48 %	\$ 90,687	1.78 %	\$ 80,025	1.74 %
60 to 89 Days	59,954	1.10	56,768	1.18	57,023	1.02	61,723	1.21	57,954	1.26