

Financial Services



***Target Visa** During 2003, we enjoyed continued success in the growth and performance of the Target Visa card, reflecting our guests' strong positive bond with our brand. As of year-end, the Target Visa portfolio included more than four billion dollars in accounts receivable and over nine million cards issued and represented a substantial portion of the annual increase in our credit card operation's profit contribution.*

At Target Financial Services, we are driven by dual objectives: (1) to build retail sales by deepening our relationships with our guests, and (2) to sustain outstanding profitability and growth in delivering financial services to our guests.

To achieve these joint objectives, we're offering our guests more reasons to shop our stores — like loyalty programs that speak to what matters most in their lives and financial product innovations that make shopping and saving easier than ever before. We strive to fully integrate our efforts into a unified guest experience, while operating with the discipline, expertise and strategy of a stand-alone financial services business.

Adhering to Core Principles

Since our credit card operations were consolidated in 1995, our business decisions and growth have been guided by four core operating principles.

The first principle is that we drive our growth through value-added programs, not through aggressive credit decisions. Our various Rewards programs, for example, give guests compelling reasons to use *our* cards, rather than other general purpose credit or debit cards.

Our second principle is that we exercise strong financial controls in the management of our business. We never compromise our underwriting standards for short-term

gain or growth. This discipline ensures that we are able to sustain our profitability as we grow our portfolio over the long-term.

Our third principle is to make strategic investments, particularly in state-of-the-art technology that will contribute to increased efficiency and performance. Investments in recent years have enabled us to meaningfully reduce our operating expense rates and achieve levels of guest service that are among the best in the credit card industry.

Our fourth and final guiding principle is our commitment to building a superior organization by attracting and retaining talented and dedicated team members. The majority of our financial services management has significant prior experience at other leading financial institutions.

More Great Reasons to Shop at Target

Similar to our focus in other areas of the company, our financial products and services are designed to profitably increase shopping frequency and average transaction amount, while reinforcing and enhancing our brand identity.